

# COVID-19 RESPONSE

**Impact on Business Activity  
Survey Findings from AmCham Egypt Members**

April 2020

# COVID-19 RESPONSE



## Project Brief

- COVID-19's impacts are being absorbed in every corner of the global economy. With marked declines in manufacturing, exports and overall global commerce, business activity is being greatly tested.
- In its ongoing efforts to support Egypt's business community, AmCham Egypt surveyed its members about the pandemic's effects on their day-to-day operations and policies as well as their expectations for the financial, personnel and strategic aspects of their businesses.
- 103 businesses were surveyed in the non-oil manufacturing, oil & gas, construction & real estate, ICT, banking & finance, agriculture, transport & logistics, marketing, legal affairs and education sectors.

*With a membership of more than 1,900 companies, AmCham Egypt is one of the largest and most active overseas affiliates of the U.S. Chamber of Commerce. The organization strives to advance Egypt-U.S. bilateral trade and investment and advocate for a better business environment in Egypt.*

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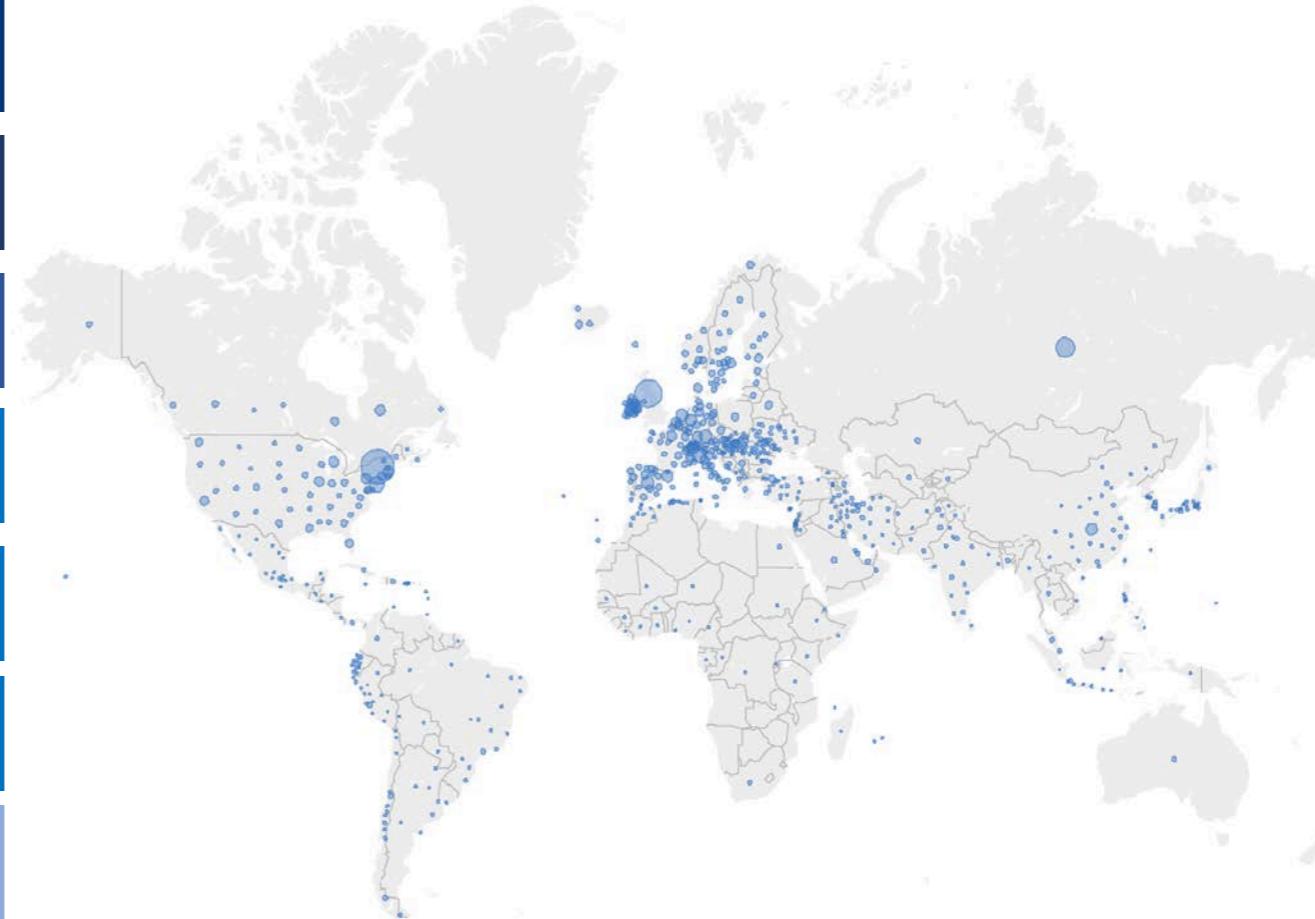
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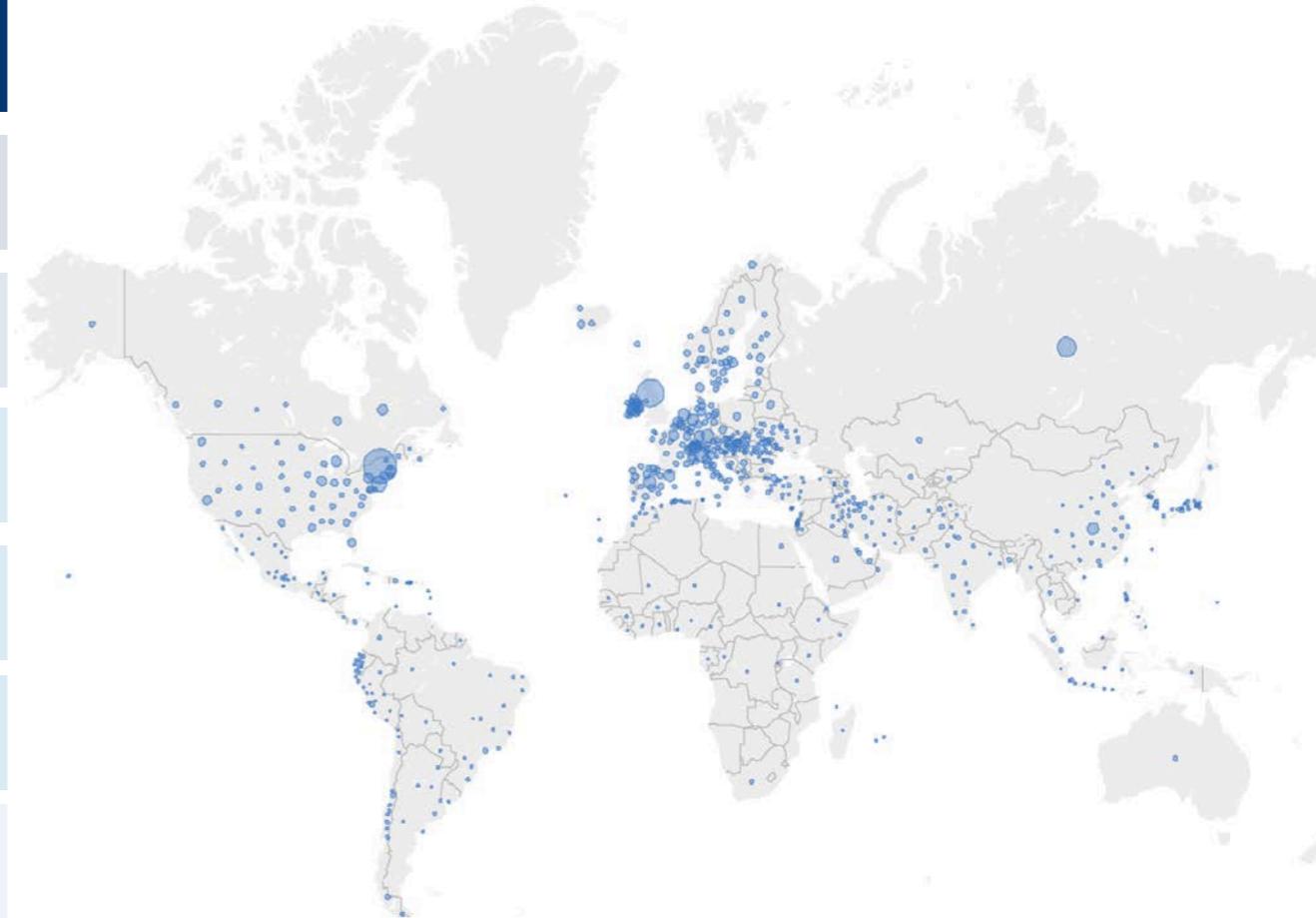
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## Executive Summary

### About the survey sample

- 103 companies from more than 14 sectors responded to an online survey during the first half of April about how the COVID-19 pandemic has affected their current business and planning for the year.
- Within the company hierarchy, C-suite executives and upper-management professionals represented the overwhelming majority of respondents.
- Large multinational corporations (MNCs) made up the largest share of respondents, followed closely by medium-sized companies. Small companies represented nearly a quarter of the sample.
- ICT was the largest sector represented in terms of responses, followed by non-oil manufacturing, oil & gas and banking & finance.

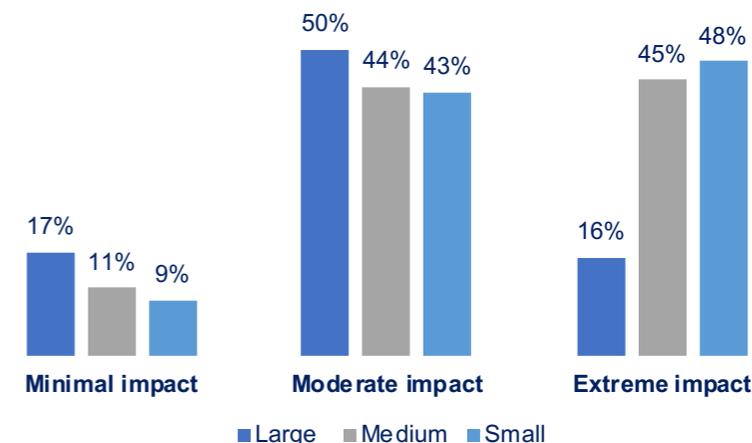
### Procedures adopted due to COVID-19

- Nearly all businesses adopted remote work policies for non-essential employees. Production and sales-oriented businesses still have frontliners due to their importance.
- More than 90% of respondents have adopted infection control procedures on the premises to contain the virus and ensure frontlines are safe.
- Less than 25% of the sample had an existing "Disease Outbreak Response Plan" prior to COVID-19. Companies with a plan in place were primarily ICT, non-oil manufacturing, banking & finance and agriculture MNCs.

### Business impacts of COVID-19

- While half of the sample reported moderate impacts, more than 30% of companies within each sector said their business activity was extremely impacted by the pandemic. Only in the oil & gas and agricultural sectors were there more than 30% or more companies reporting minimal impacts.
- All sectors were mostly concerned about the financial and operational impacts of COVID-19. Non-oil manufacturing and transport & logistics also listed operational and supply chain challenges as key concerns, while hospitality & tourism and healthcare & pharmaceutical reported severe workforce challenges.
- Fewer large companies reported extreme impacts on their businesses compared to medium- and small-sized ones.
- Likewise, fewer large firms reported financial challenges as their top concerns compared to smaller companies; larger businesses had greater concerns over supply chain challenges, while smaller firms placed greater weight on financial and operational challenges.

Degree of impact by firm size



Business challenges by firm size



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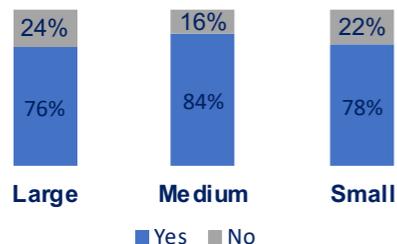


## Executive Summary

### Views on government-backed support

- Almost all sectors had companies in favor of bailouts or tax cuts, with a minority within each sector seeing no benefit from government support. ICT, non-oil manufacturing, and banking & finance businesses were the predominant sectors in favor of targeted support.
- The medium-sized business subsample had the biggest share of respondents in favor of tax cuts, which could be a result of sector representation in that group.
- In contrast, large companies had the smallest share of respondents in favor of tax cuts, bailouts and other targeted support. This could be due to the prevalence of MNCs in this subsample: international companies may not qualify for local bailout programs or the parent companies may be directing their local arms not to accept local support.

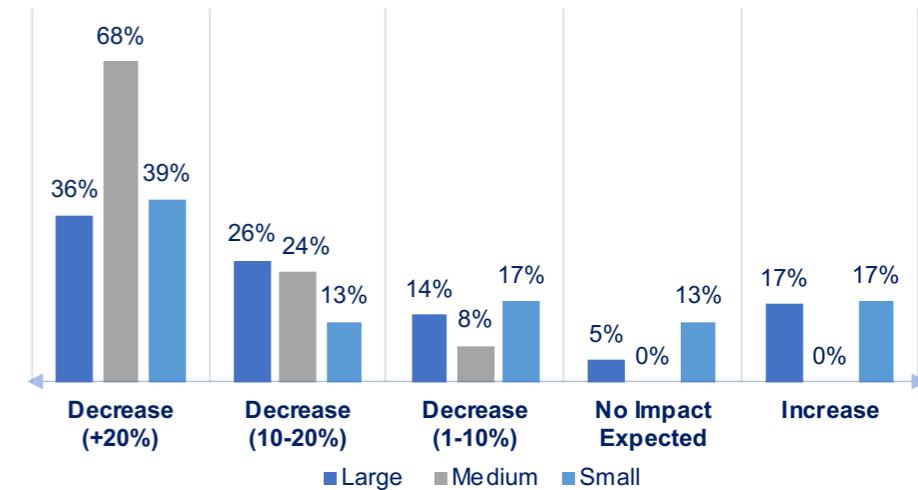
Views on government support by firm size



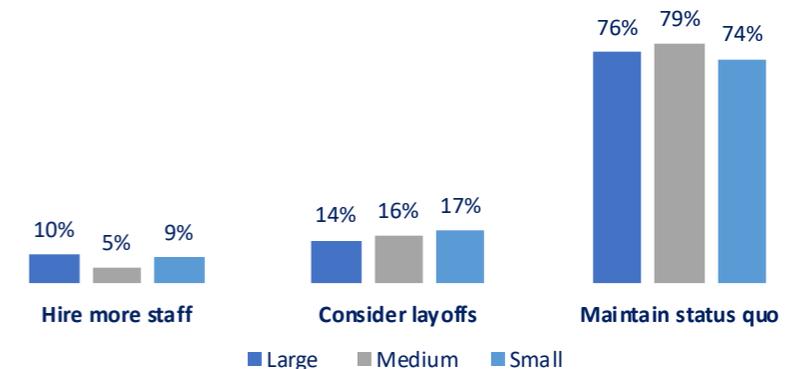
### Business plans during 2020

- Almost all companies said they were potentially or definitely reevaluating their business strategies for 2020. A few law firms, one large agricultural company and one pharma company were the only respondents not looking to reevaluate 2020 business strategies.
- 85% of surveyed businesses expect revenues to decline by year's end, with 50% expecting them to contract by 20% or more. However, a number of companies expected increases in their top lines due to sector-specific dynamics.
- Fewer large firms expect their top lines to decline by more than 20% in 2020 compared to medium-sized and small ones. The majority of medium-sized businesses see top lines contracting by 20+%, with no respondents in this subsample expecting revenues to remain unchanged or increase by year's end. However, more small businesses believe revenues will remain stable than large businesses, while equal shares of the two predict top line growth through 2020. This is likely due to sector representations in each category.
- While more than 60% of businesses reported negative impacts on employee efficiency and ability to reach goals, nearly 80% is opting to maintain staffing levels at current levels. Hospitality & tourism, construction & real estate and oil & gas are some of the few sectors reporting high layoff possibilities.
- Only 9% of large companies reported personnel performance was negatively impacted by the pandemic, while 32% of both small and medium-sized companies reported negatively impacted personnel performance.
- HR strategies are quite similar across firm sizes, with slightly higher considerations of layoffs among small and medium-sized firms and slightly higher increased staffing needs among larger companies.

2020 revenue predictions by firm size



2020 HR strategy by firm size



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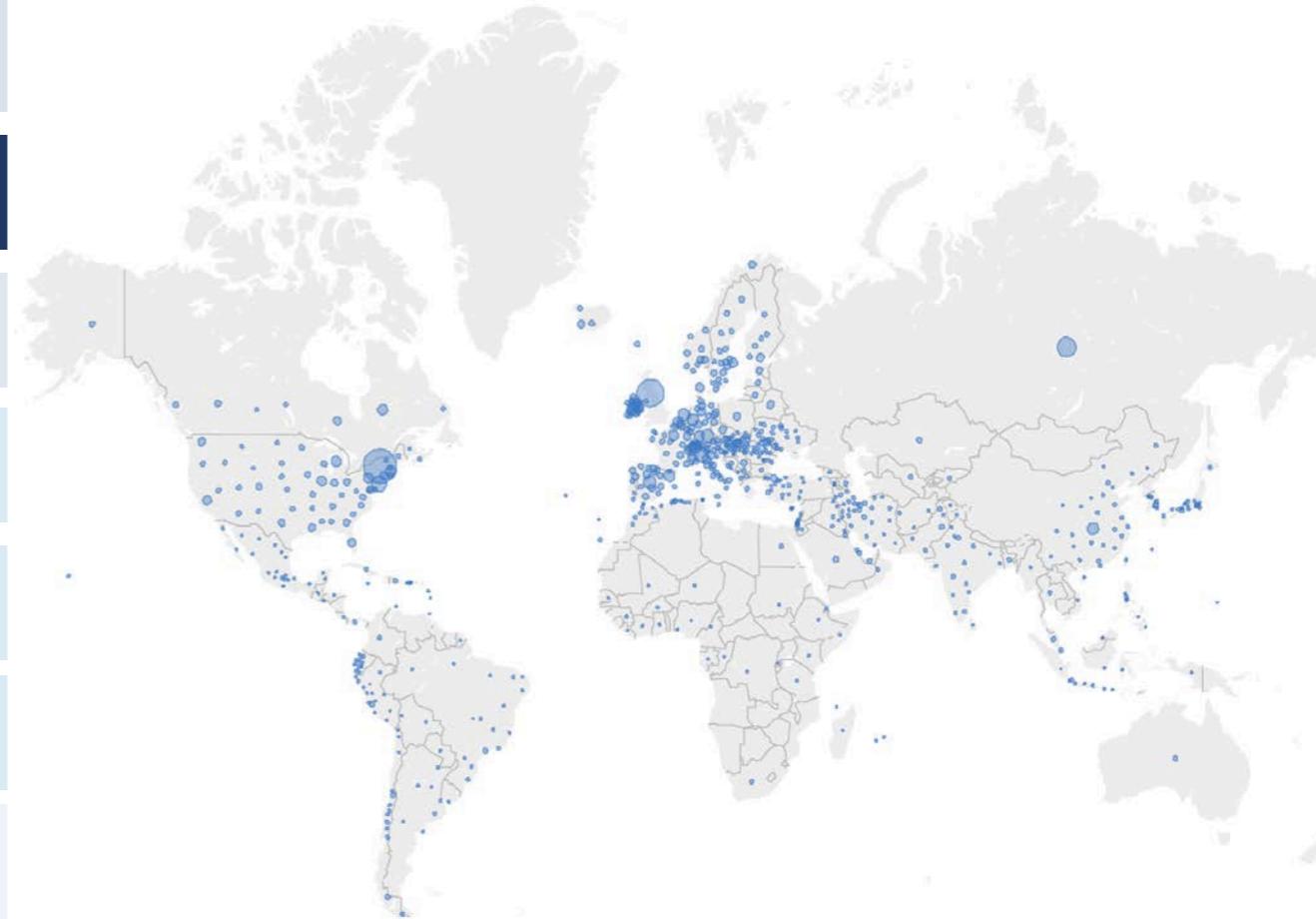
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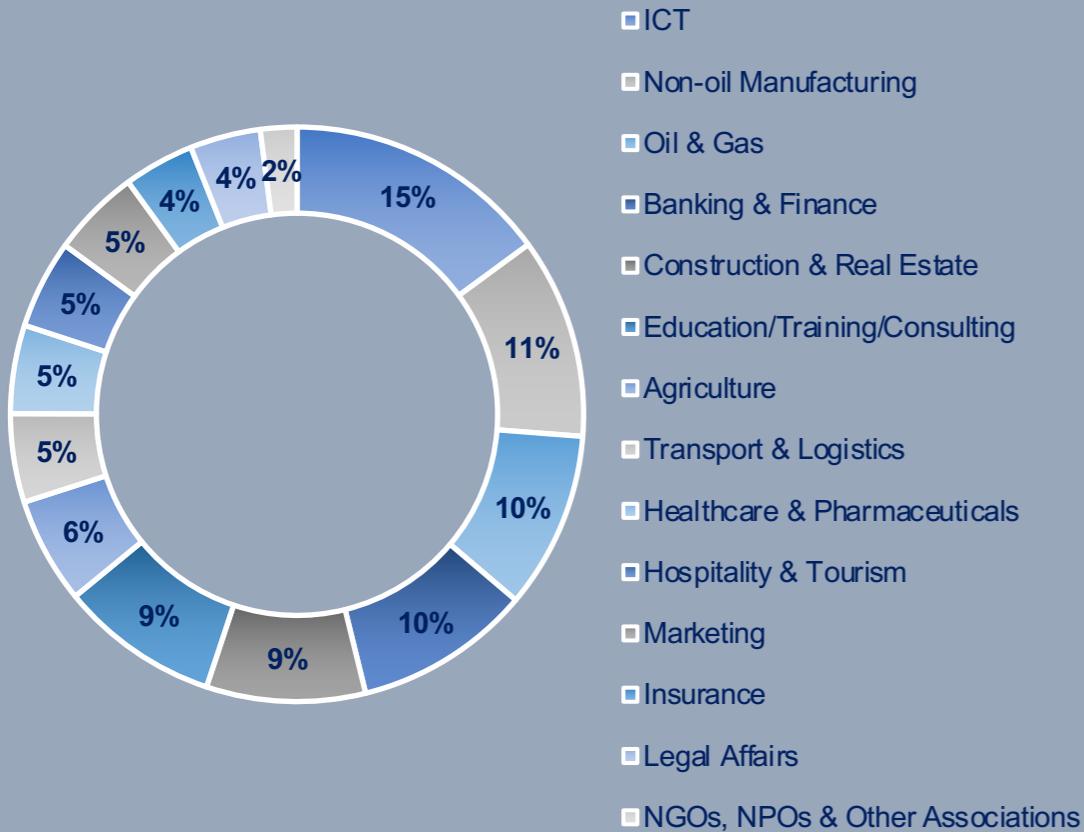
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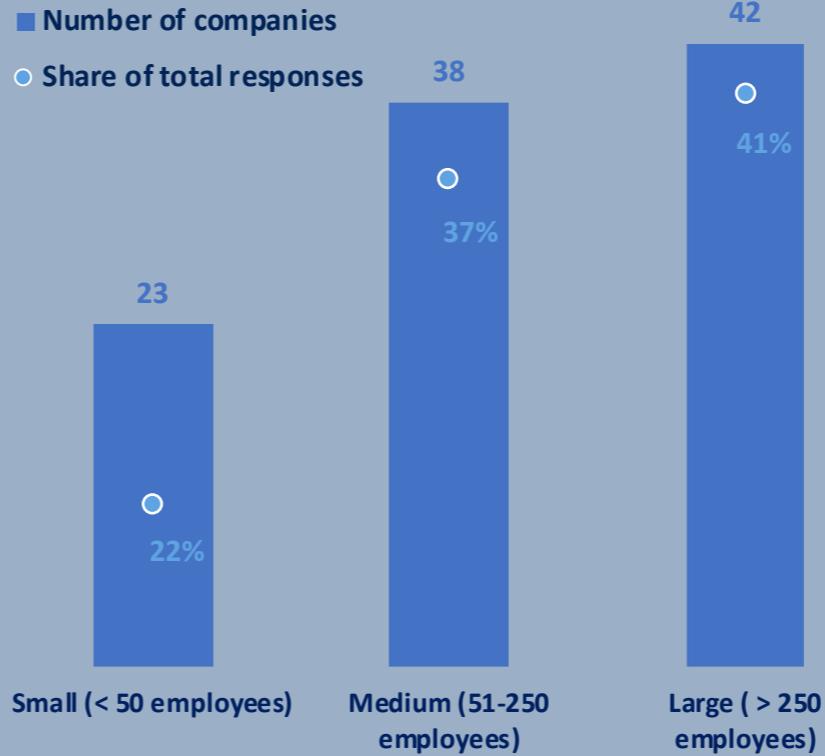
# A Brief Rundown of our Sample

## Segmentation by sector



ICT was the largest sector represented in terms of responses, followed by non-oil manufacturing, oil & gas and banking & finance. Together, these sectors accounted for 45% of the sample.

## Company size



The majority of respondents were large multinational corporations (MNCs) with more than 250 employees. In the non-oil manufacturing sector, 100% of MNCs had one or more production facilities located across the country. The other large businesses were predominantly in the banking & finance, ICT, oil & gas and transport & logistics sectors. The medium-sized businesses polled mostly operated in construction & real estate, marketing and education/training/consulting markets.

## Respondents' profile



Company chairmen, CEOs and other C-suite executives as well as upper-management executives represented the overwhelming majority of respondents.

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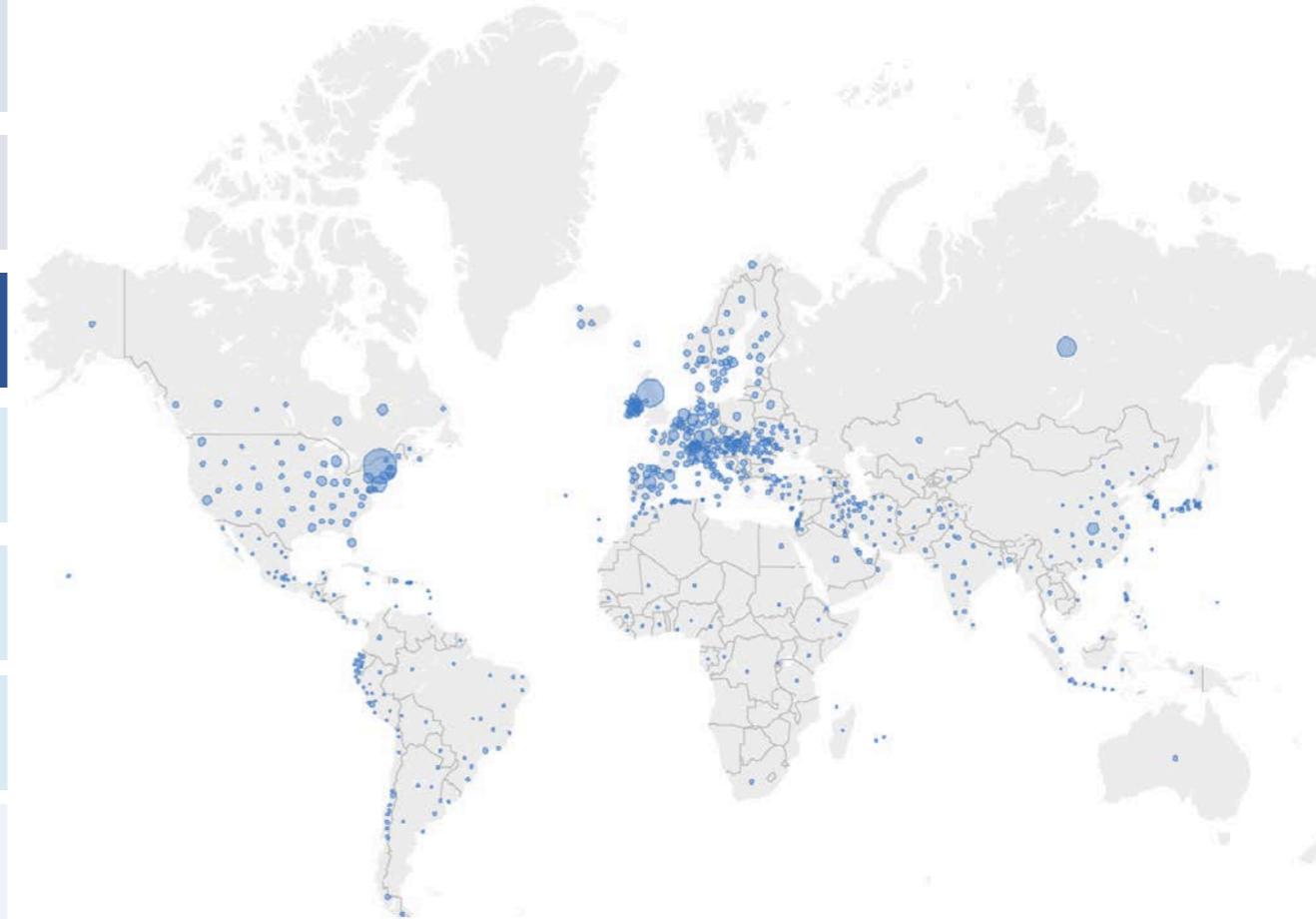
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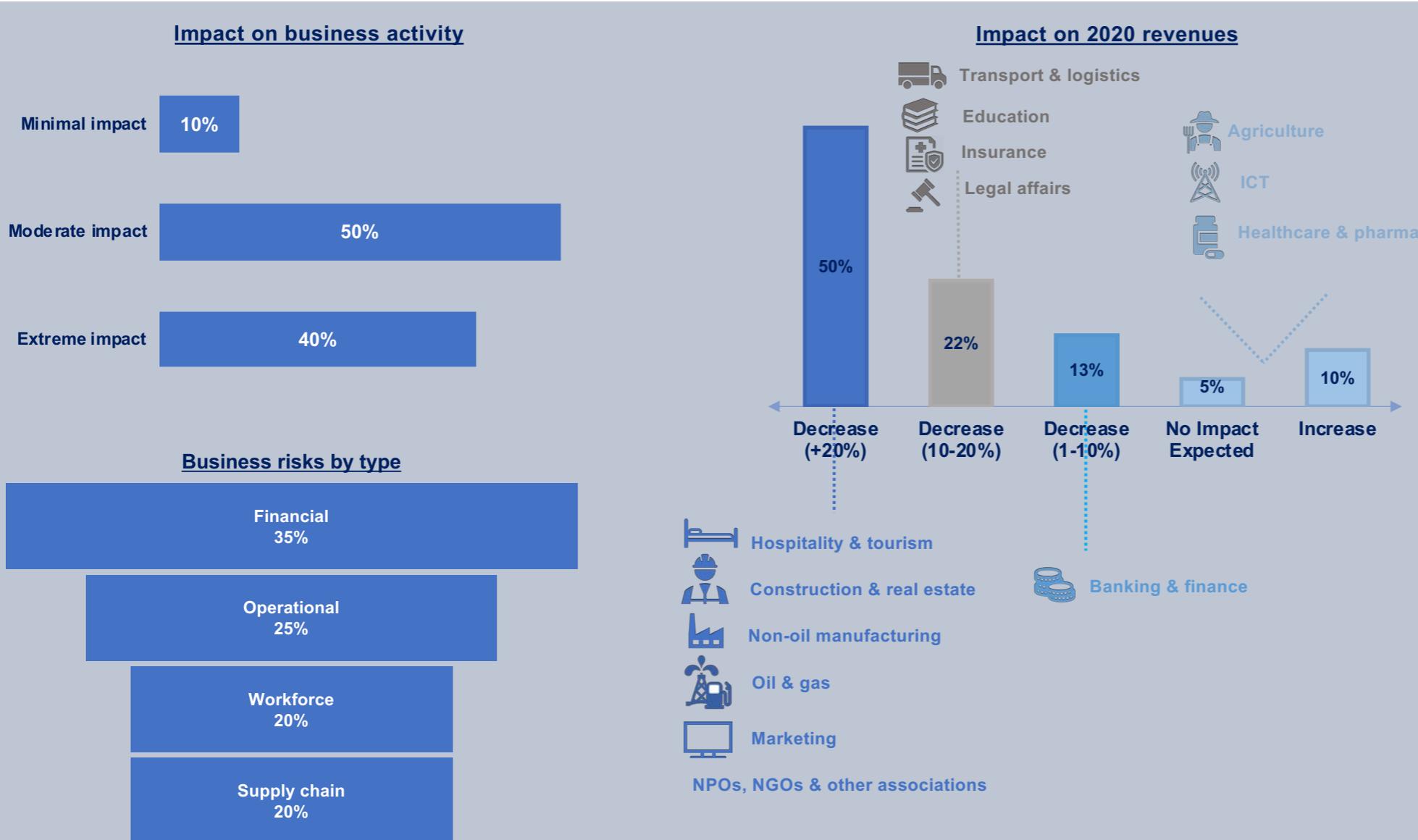
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# Aggregated Results

## 1. Business impacts of COVID-19



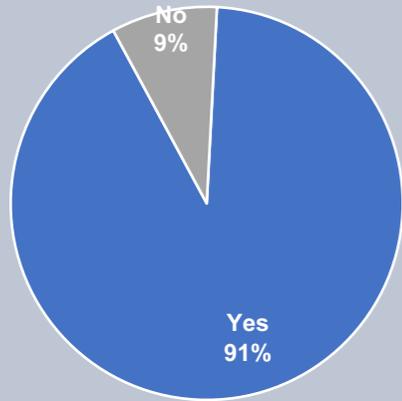
- Almost all respondents foresee extreme to moderate impacts on business activity throughout 2020 due to the pandemic's outbreak.
- High reporting of minimal impacts came from large exporting agricultural firms and upstream oil & gas companies.
- Businesses are mostly concerned about the financial and operational impacts of COVID-19.
- While supply chain and workforce challenges were equally regarded, companies with extensive supply chains are severely impacted with workforce shortages, particularly blue-collar workers. Sales-oriented businesses such as ICT, construction & real estate and oil & gas are also facing challenges as personnel struggle to attain targets.
- 85% of businesses see revenues declining by year's end, with 50% expecting them to contract by 20% or more. However, a number of companies reported expected increases in their top lines due to sector-specific dynamics.



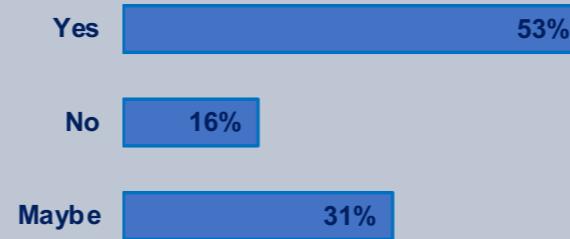
# Aggregated Results

## 2. Procedures adopted during the outbreak

Safeguarding procedures adopted post-outbreak



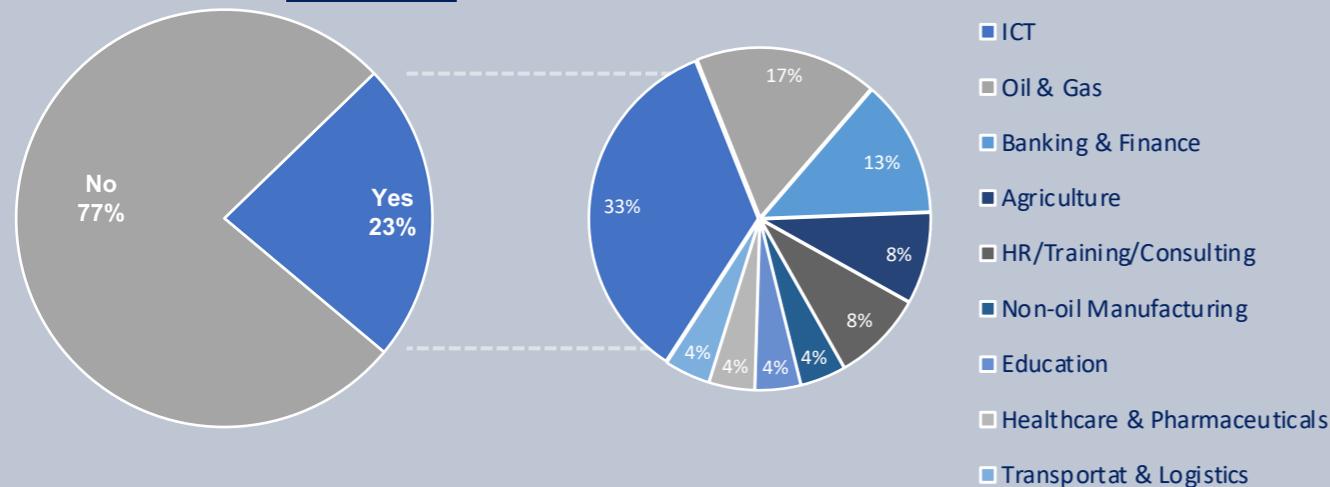
Will the extended curfew period impact company supply chains?



### Procedures adopted for frontlines

1. Sterilization/disinfection measures at production facilities and/or front end facilities
2. Use of PPE
3. Suspension of B2C meetings
4. Temperature screening, quarantine measures and daily employee testing
5. Business travel bans
6. Reducing shift hours
7. Isolation/social distancing at field operation facilities
8. Rotational work plans to reduce density at facilities

Available "Disease Outbreak Response Plan" prior to COVID-19



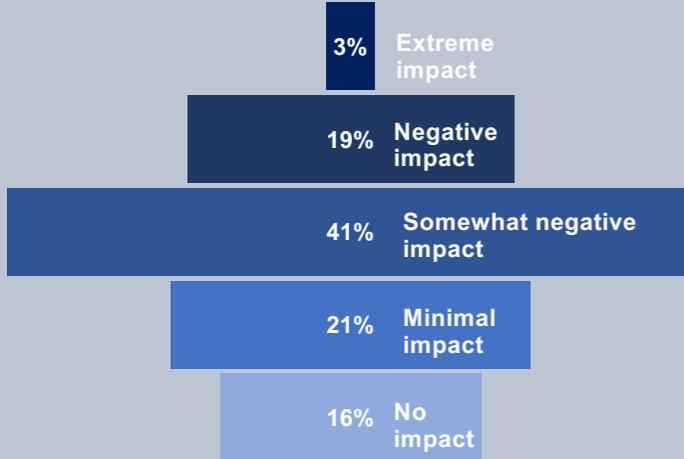
- Nearly all businesses adopted remote work policies for non-essential employees. Production and sales-oriented businesses still have frontliners due to their importance.
- More than 90% of respondents have adopted infection control procedures on the premises to contain the virus and ensure frontlines are safe.
- More than half the sample expect notable impact on their supply chains should the curfew period extend over the longer term.
- Respondents anticipating disruptions in their supply chains as a result of an extended curfew period operate in ICT (16%), non-oil manufacturing (13%), banking & finance (9%), construction & real estate (8%) and transport & logistics (7%).
- By contrast, companies expecting the extended curfew to have little to minimal impact on their supply chains were from the oil & gas (19%), legal affairs (13%) and marketing (13%) sectors.
- Less than 25% of the sample had an available "Disease Outbreak Response Plan" prior to COVID-19. Companies with a plan in place were primarily multinational corporations from the following sectors:
  - ICT
  - Oil & gas
  - Non-oil manufacturing
  - Banking & finance
  - Agriculture



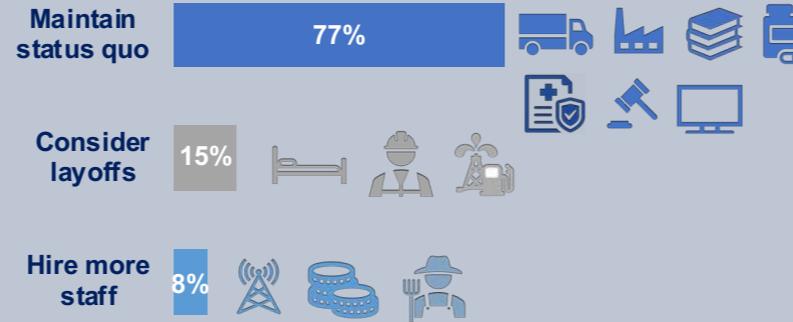
# Aggregated Results

## 3. Company plans

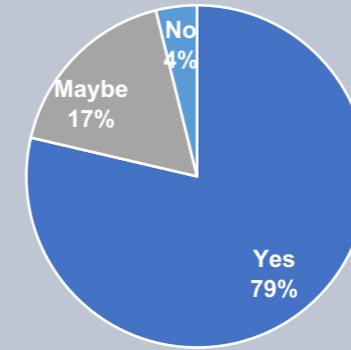
### Impact on personnel performance



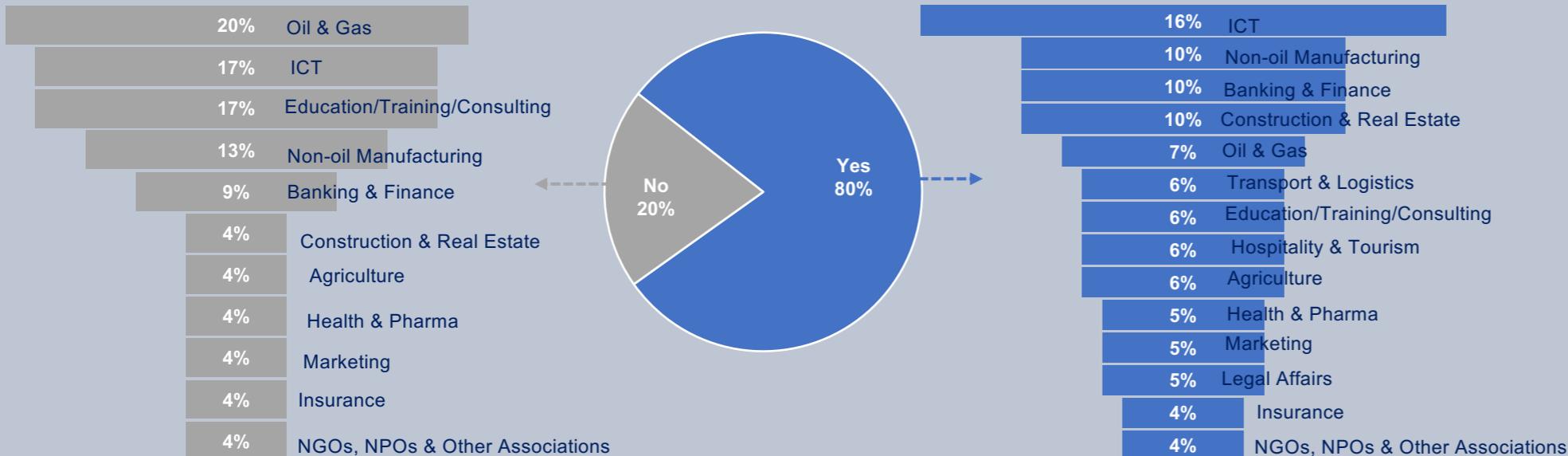
### 2020 HR strategy



### Is your business re-evaluating some/all of 2020 business strategies?



### Would tax cuts/sector-specific bailout packages help your business?



- More than 60% of businesses reported negative impacts on employee efficiency and ability to reach goals. Least impacted personnel operated in MNCs in the non-oil manufacturing, education and the ICT sectors.
- Only 9% of large companies reported personnel performance was negatively impacted by the pandemic, while 32% of both small and medium-sized companies reported negative personnel performance.
- Just under 80% of the sample is opting to maintain staffing levels at companies. Sectors largely considering layoffs include hospitality & tourism, construction & real estate and oil & gas. Small ICT consulting companies are also considering layoffs.
- Larger ICT companies are the main sector considering hiring more staff. However, various banks, agricultural exporters and food manufacturers also reported increased staffing needs.
- A few law firms, a large agricultural company and one pharma company were the only respondents not looking to reevaluate 2020 business strategies.
- While almost all sectors had companies in favor of bailouts or tax cuts, the majority of these were in ICT, non-oil manufacturing, banking & finance, and oil & gas.

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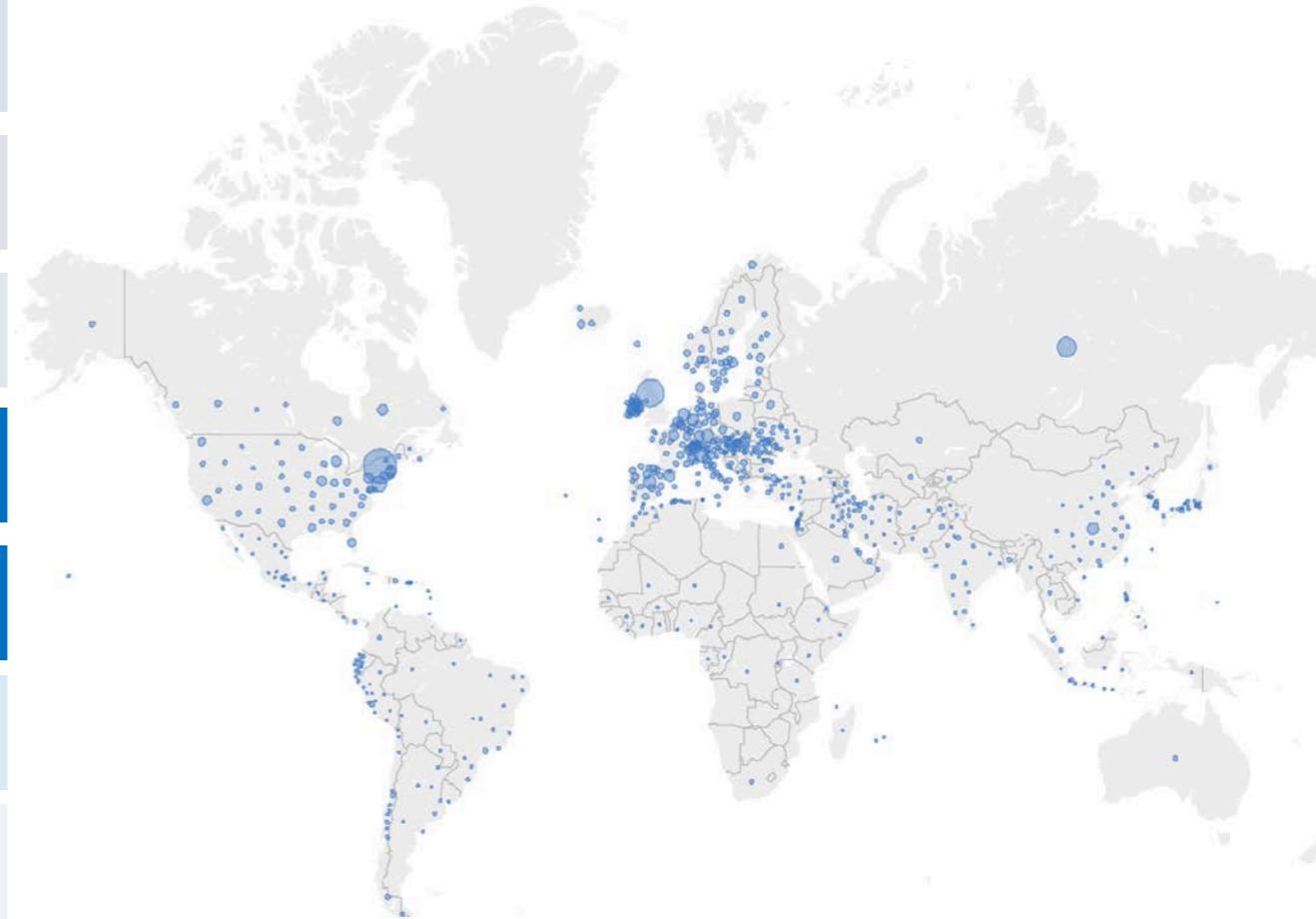
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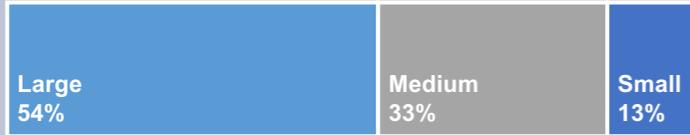
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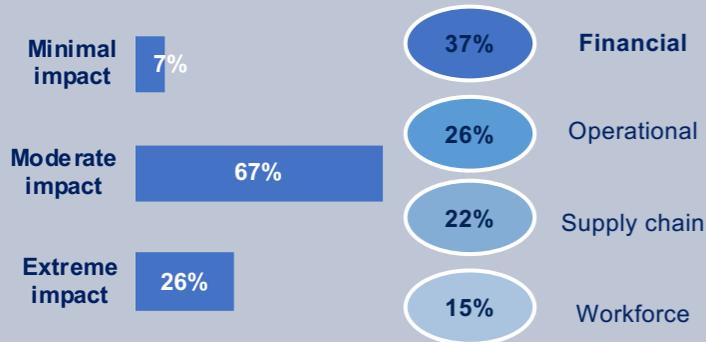


# 1. ICT (15% of sample)

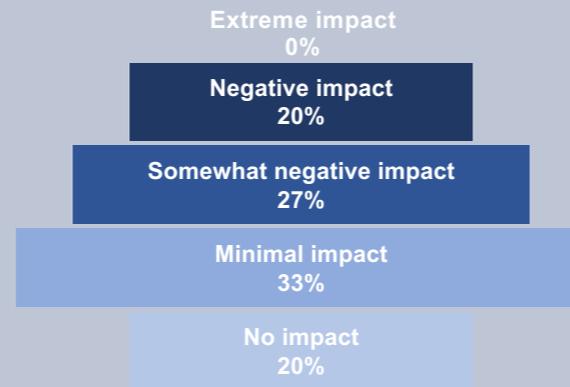
## Company size



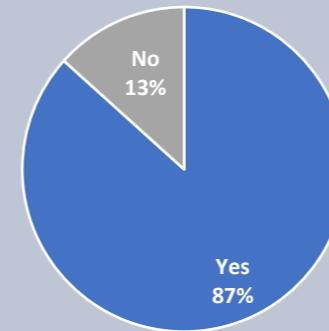
## 1. Impact on business activity



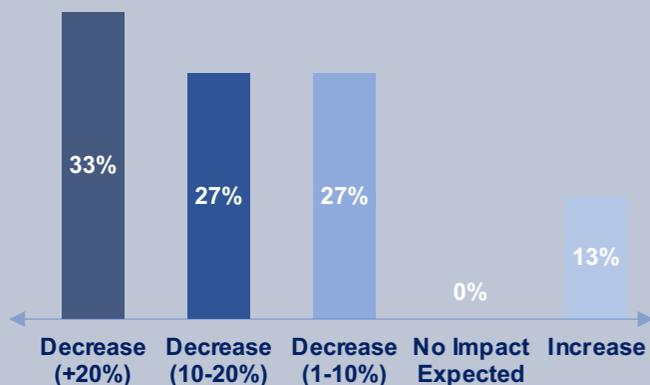
## 3. Impact on personnel performance



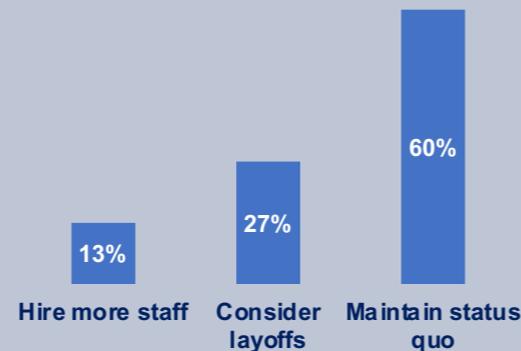
## 5. Would tax cuts/sector-specific bailout packages help your business?



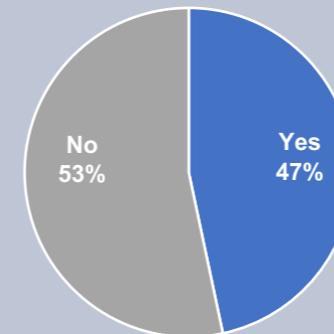
## 2. 2020 revenue expectations



## 4. 2020 HR strategy



## 6. Available "Disease Outbreak Response Plan" prior to COVID-19



The majority of large companies operate in IT infrastructure and communications, both of which have been minimally-moderately impacted. The impact may chiefly be due to heavier traffic across digital infrastructure as businesses and consumers looking for alternative communication tools while on lockdown.

1. The majority are witnessing moderate impacts on business activity. Nearly 40% cite financial challenges, while 48% of respondents collectively reported operational and/or supply chain challenges.
2. 87% of ICT companies expect revenue decreases by year's end. Companies expecting an increase in revenues were primarily engaged in IT consulting, which may benefit from increasing business demand for digital transformation strategies and business continuity advisory services.
3. ICT is one of the few sectors reporting minimal impacts on personnel performance. 53% of the sample believe employees have faced minimal challenges to achieve goals.
4. Still, 27% are considering layoffs, the majority of which are medium-sized companies expecting revenues to contract by more than 20% in 2020.
5. The ICT sector also had the highest number of companies in favor of government support.
6. Due to the software-driven nature of ICT, this sector reported the most companies with Disease Outbreak Response Plans prior to the COVID-19 pandemic.

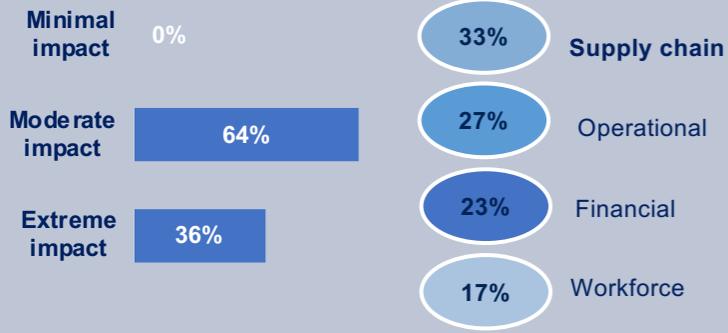


# 2. Non-oil Manufacturing (11% of sample)

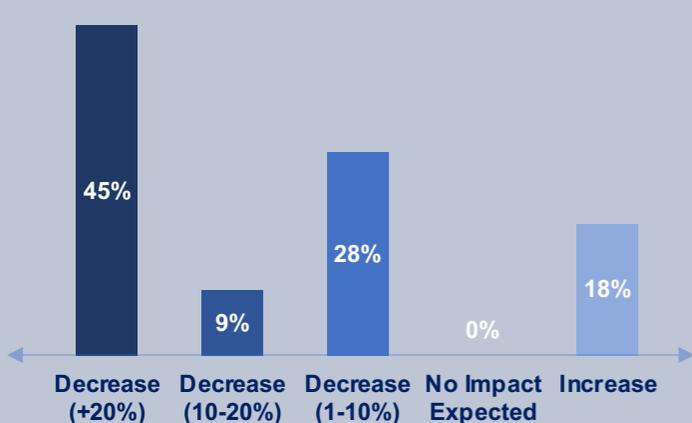
## Company size



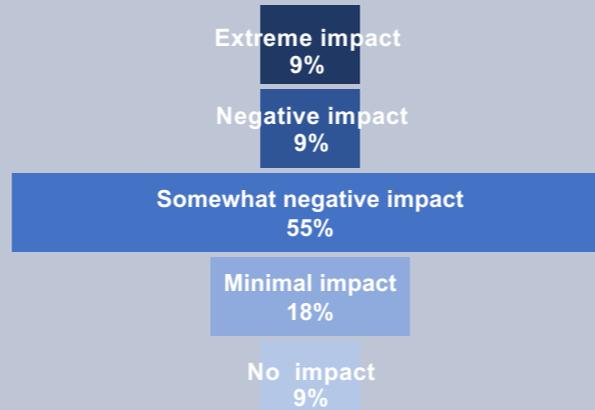
## 1. Impact on business activity



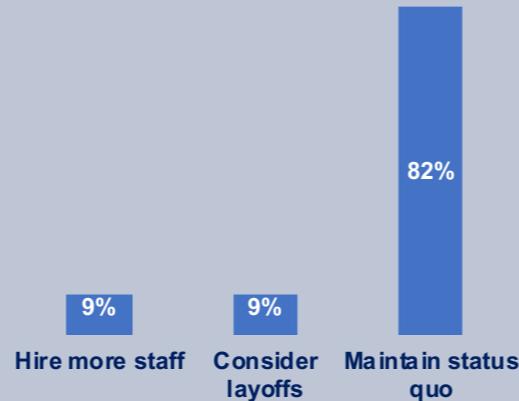
## 2. 2020 revenue expectations



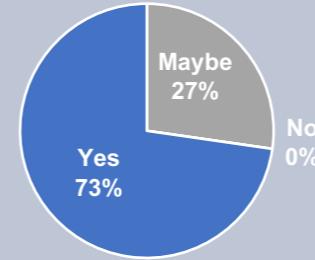
## 3. Impact on personnel performance



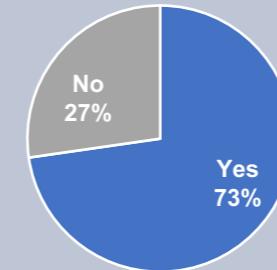
## 4. 2020 HR strategy



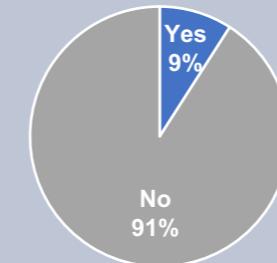
## 5. Will an extended curfew period impact company supply chains?



## 6. Would tax cuts/sector-specific bailout packages help your business?



## Available "Disease Outbreak Response Plan" prior to COVID-19



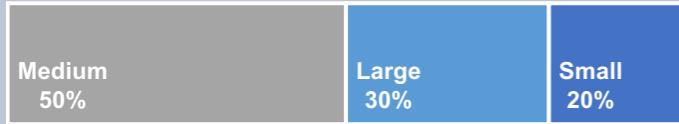
Due to slower trade activity, restricted movements and virus containment measures, non-oil manufacturing has been primarily hit by supply chain disruptions (production and distribution), and workforce shortages. 33% of manufacturing companies reported supply chain challenges.

1. No companies reported minimal impacts on business activity, while the majority see moderate impacts. Companies reporting extreme impacts were in the glass/plastic/metal and textile businesses. These represented 45% of the subsample and all reported revenues would decrease by more than 20%.
2. Companies expecting increases in top lines were food manufacturers. Other business lines represented in the subsample include FMCGs and industrial manufacturing companies, both of which see top lines retracting between 1-20%.
3. Because the sector is a blue-collar industry, companies reported overall negative impacts on personnel efficiency and ability to meet goals.
4. The overwhelming majority will maintain staffing levels. Companies looking to hire are food manufacturers; those considering layoffs are industrial and intermediate goods manufacturers.
5. All the subsample sees an extended curfew challenging to their supply chains.
6. Since stock businesses were the only companies to report that tax cuts/bailouts would not help cushion business activity.

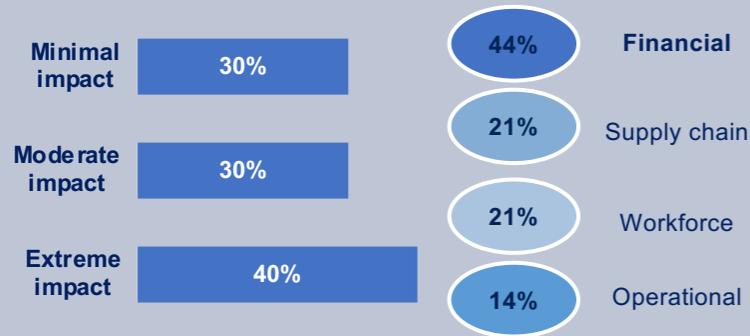


# 3. Oil & Gas (10% of sample)

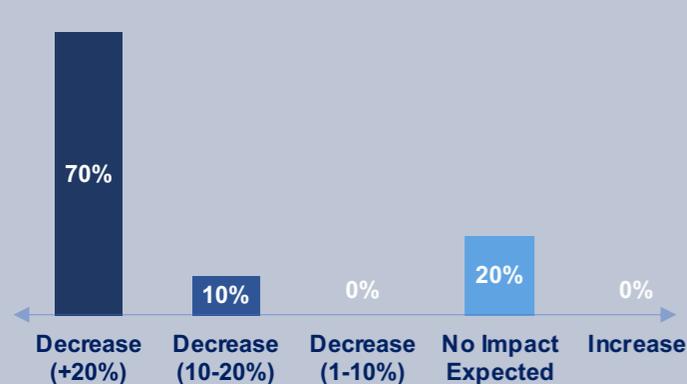
## Company size



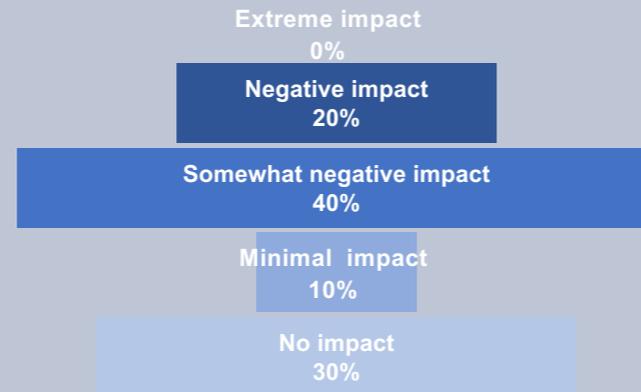
### 1. Impact on business activity



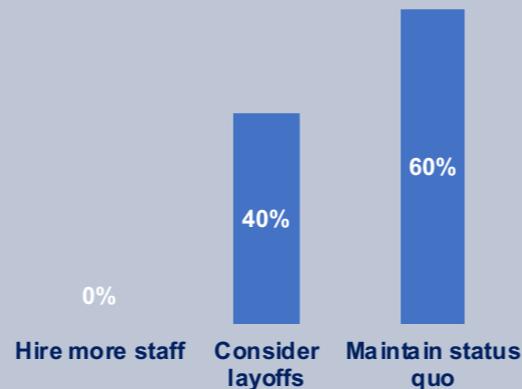
### 2. 2020 revenue expectations



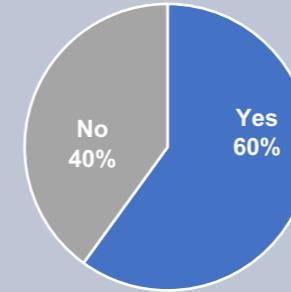
### 3. Impact on personnel performance



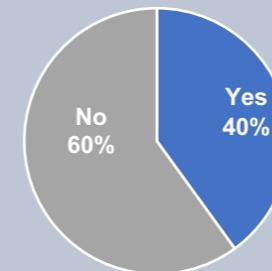
### 4. 2020 HR strategy



### 5. Would tax cuts/sector-specific bailout packages help your business?



### 6. Available "Disease Outbreak Response Plan" prior to COVID-19



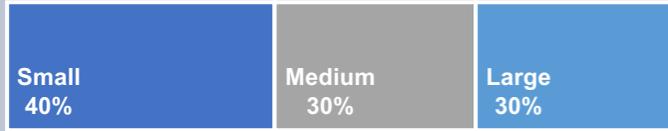
Global declines in oil prices coupled with depressed local consumption of octane and diesel fuel are significantly impacting oil & gas operations in Egypt.

- 70% of oil & gas companies reported moderate to extreme impacts on business activity, predominantly financial.
- 70% of the subsample is predicting revenue losses of more than 20% by year's end. These are small and medium-sized companies.
- While 40% see minimal to no impacts on personnel performance, 60% of respondents report negative impacts on employees' efficiency and ability to meet goals. This is likely due to the industry's reliance on field operations and sales - both disrupted by the pandemic's outbreak.
- The oil & gas sector is another sector reporting high considerations of laying off staff. Those considering layoffs are mainly upstream companies.
- 40% oil & gas companies did not feel that sector-specific packages would support their business. This could be due to lower natural gas prices for industrial usage that the government mandated to induce industrial activity during the pandemic. With the global slowdown in oil demand, companies' margins may be on the line.
- The sector was also one of the few sectors with existing "Disease Outbreak Response" plans, possibly due to heavy multinational presence.

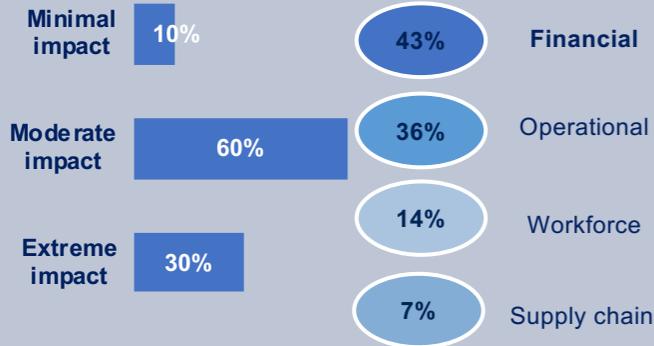


# 4. Banking & Finance (10% of sample)

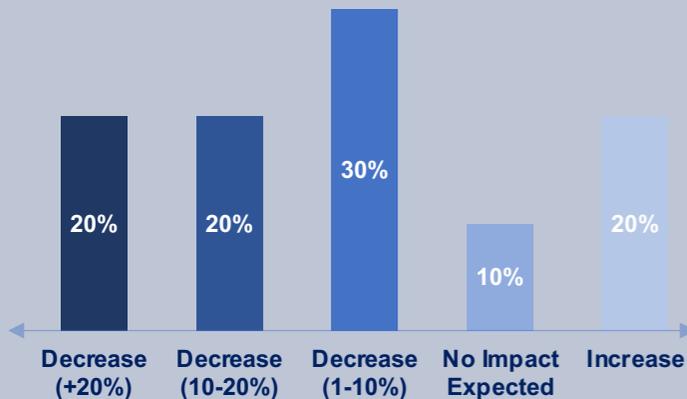
## Company size



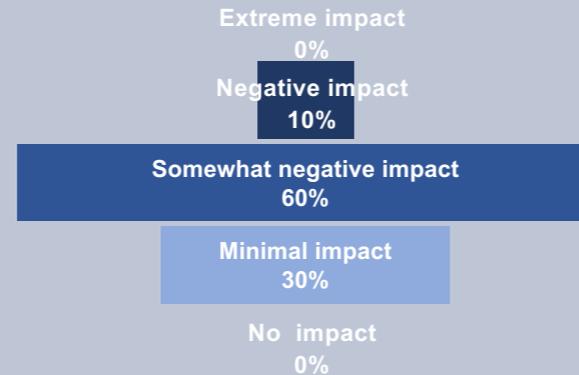
## 1. Impact on business activity



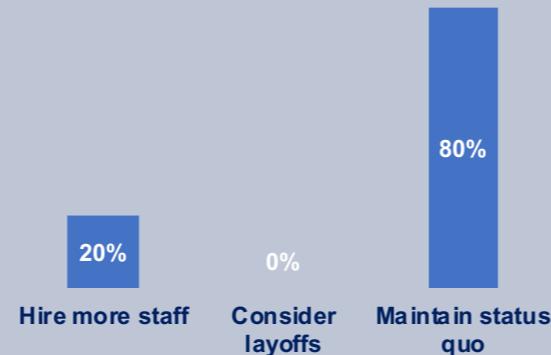
## 2. 2020 revenue expectations



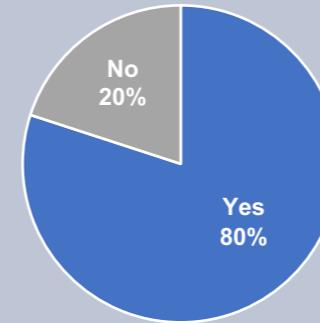
## 3. Impact on personnel performance



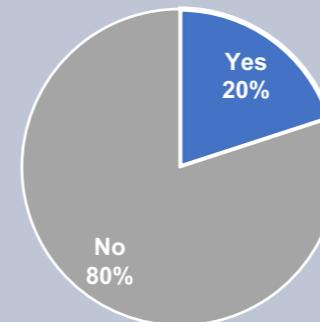
## 4. 2020 HR strategy



## 5. Would tax cuts/sector-specific bailout packages help your business?



## Available "Disease Outbreak Response Plan" prior to COVID-19



On the one hand, monetary easing has positively affected retail and commercial demand-side dynamics for the banking sector. However, lower interest rates and relaxed capital controls may take a toll on the sector's profits and asset quality indicators. Other non-banking service providers such as mortgage finance, microfinance and factoring and leasing companies also face similar challenges.

1. The majority reported a moderate impact on business activity, predominantly financial. Asset management, investment banking and brokerage firms reported extreme impacts. Financial service providers reporting minimal impacts were Egypt's top banks in terms of assets.
2. 70% of the subsample sees top lines declining by year's end. Non-banking financial services firms were the ones mainly expecting 10-20+% revenue decreases. Large banks see no impacts/increases in revenues throughout 2020.
3. Due to the sector's customer-centric nature, companies report operational impacts as the second biggest challenge for business activity. Accordingly, 70% of the subsample sees a negative impact on personnel performance.
4. Banking & finance was one of the few sectors to report possible increased staffing needs in 2020. This may likely be correlated with anticipated increased demand for loans, facilities and other financial services.
5. Tax cuts/bailouts may be particularly helpful for newly deployed financial services such as microfinance, factoring and leasing (as well as mortgage finance, though not new to the market), as the CBE has yet to include these lines of business in its monetary stimulus package.

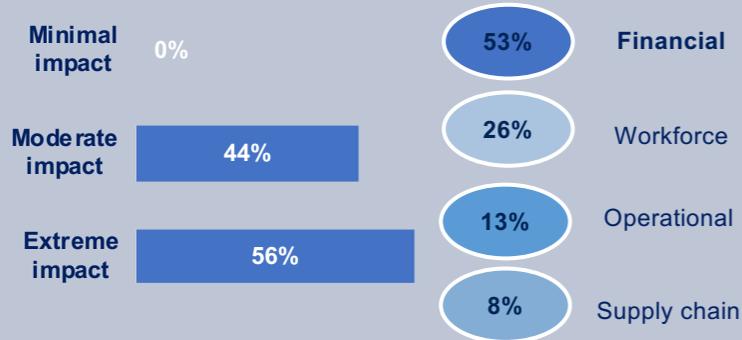


# 5. Construction & Real Estate (9% of sample)

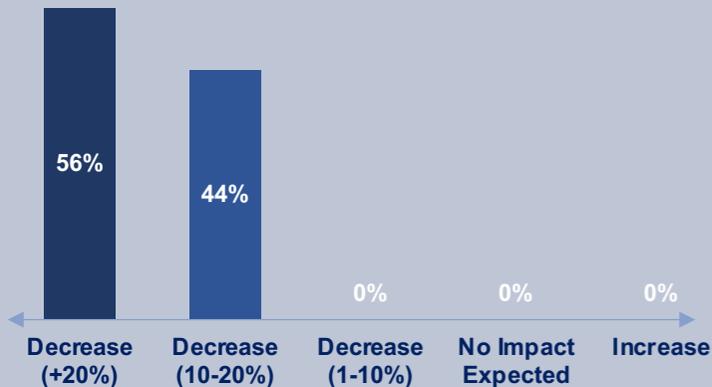
## Company size



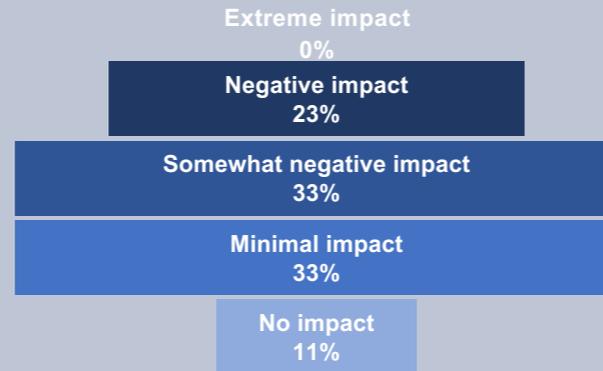
## 1. Impact on business activity



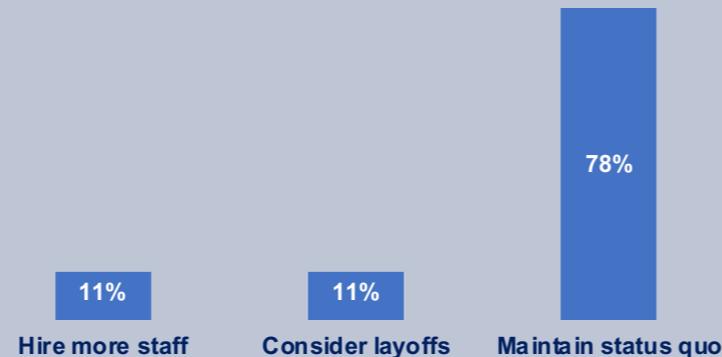
## 2. 2020 revenues expectations



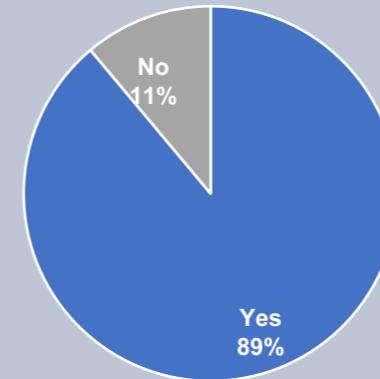
## 3. Impact on personnel performance



## 4. 2020 HR strategy



## 5. Would tax cuts/sector-specific bailout packages help your business?



The construction & real estate sector has been severely impacted by construction delays, workforce shortages and depressed demand.

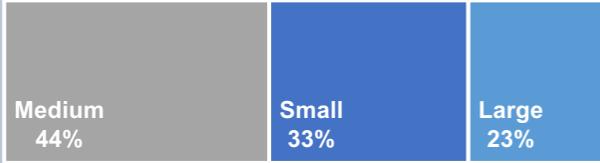
- Nearly 60% of companies reported extreme impacts on business activity, with financial impacts being the predominant concern.
- The majority also see 2020 revenues retracting by more than 20%; large companies expect 10-20% declines.
- Due to its heavy reliance on frontliners (sales force and blue-collar workers at construction sites), 56% of the subsample reported negative impacts on personnel performance due to COVID-19.
- The majority is still planning on maintaining staff levels. Companies considering layoffs are all medium-sized and may be challenged by higher cash flow shortages. Companies considering hiring more staff are front-end sales/home brokerage firms with digital sales platforms.
- The only companies seeing no benefits from tax cuts/bailouts were the foreign players, who may not qualify for these incentives.

No companies in this subsample had "Disease Outbreak Response" plans.

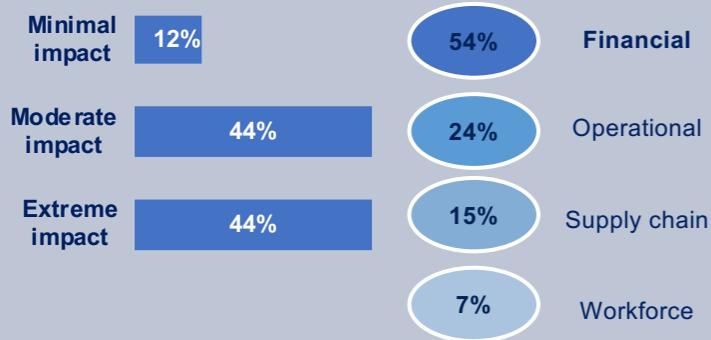


# 6. Education/Training/Consulting (9% of sample)

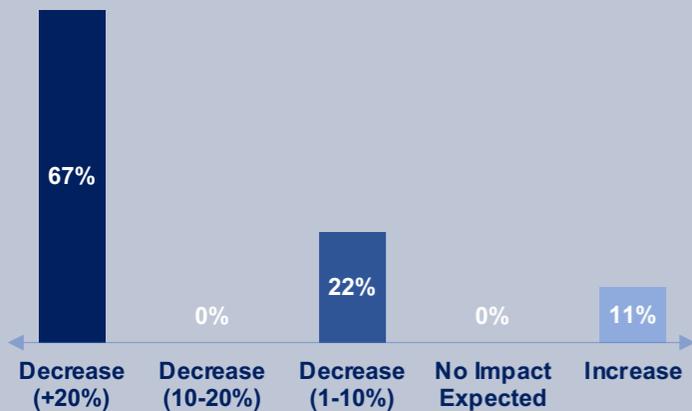
## Company size



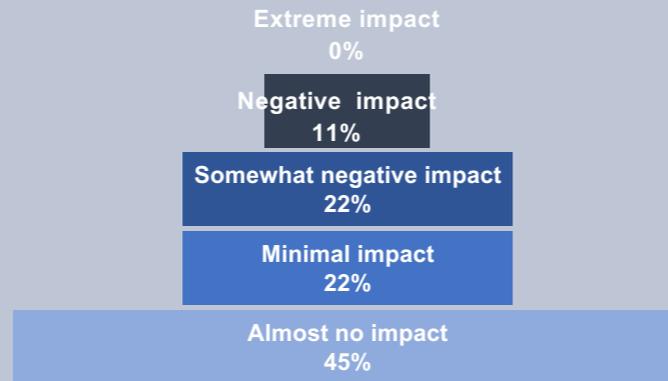
### 1. Impact on business activity



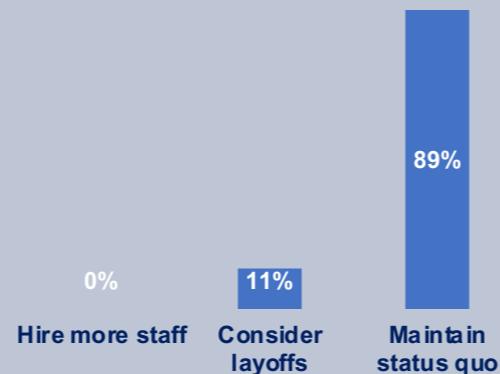
### 2. 2020 revenue expectations



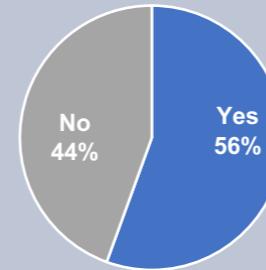
### 3. Impact on personnel performance



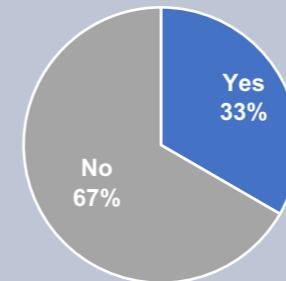
### 4. 2020 HR strategy



### 5. Would tax cuts/sector-specific bailout packages help your business?



### Available "Disease Outbreak Response Plan" prior to COVID-19



Education has been hit by suspension of activities, leading a disruption in teaching, assessments and mass shifts to digital platforms to maintain classes. Consulting and training services have also been looking to digitalize to maintain revenue streams, but are facing lower demand from companies who are already coping with disruptions to their business.

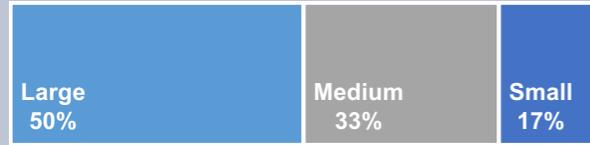
1. Companies in this subsample are reporting extreme-moderate impacts in financials followed by operational activity.
2. The majority also see 2020 revenues retracting by more than 20%, especially small to medium firms. Larger organizations expect minor decreases in top lines and/or minor increases.
3. With respondents reporting very few workforce challenges, most of the subsample see minimal impacts on employee performance during this period.
4. The majority are opting to maintain current employment levels at their firms. Companies considering layoffs are mainly in the training business.
5. The subsample is almost equally divided on tax cuts/bailouts for the industry, but those in favor were smaller companies.

100% of education/training/consulting businesses adopted safeguarding procedures post-outbreak and implemented remote working policies for their non-essential staff.

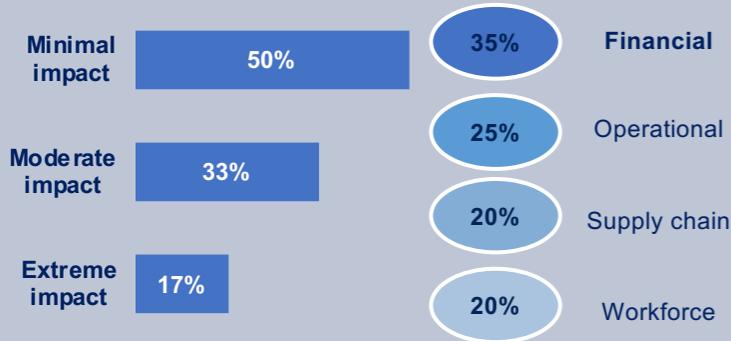


# 7. Agriculture (6% of sample)

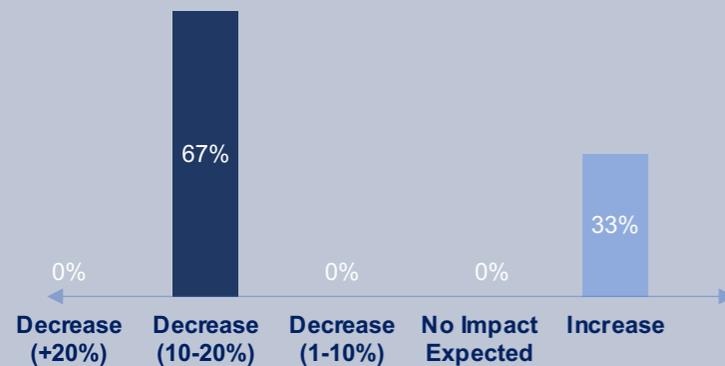
## Company size



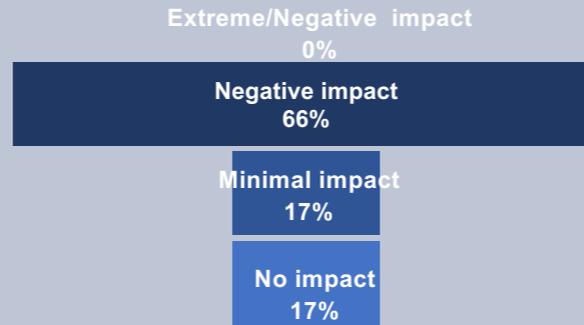
## 1. Impact on business activity



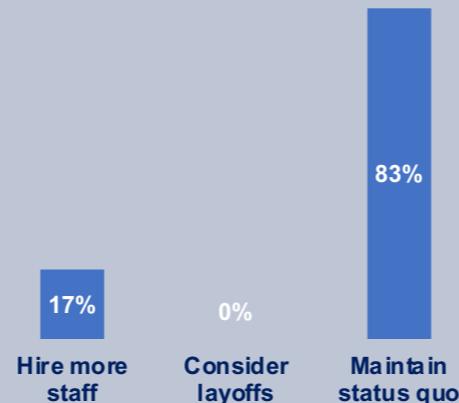
## 2. 2020 revenue expectations



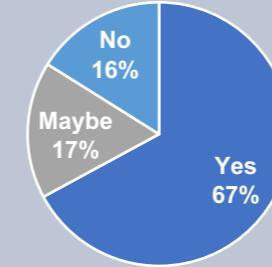
## 3. Impact on personnel performance



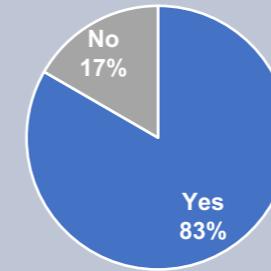
## 4. 2020 HR strategy



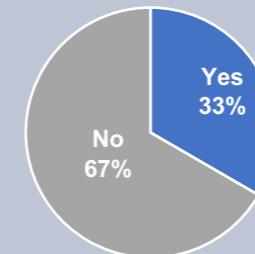
## 5. Is your business re-evaluating some/all of 2020 business strategies?



## 6. Would tax cuts/sector-specific bailout packages help your business?



## Available "Disease Outbreak Response Plan" prior to COVID-19



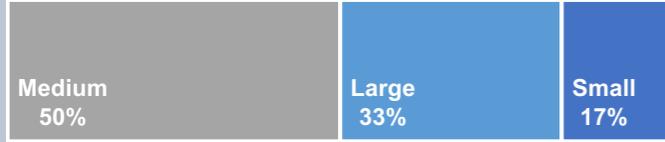
With export season running from July to September, this sector has been partially shielded from mass disruption.

1. This sector had one of the highest number of respondents reporting minimal impacts on business activity. 50% are still witnessing moderate-extreme impacts, but only 17% of companies are reporting extreme impacts to their business.
2. Agribusinesses, all operating in grains and seeds, mostly predict 10-20% declines in revenues by year's end. On the other hand, larger businesses (in fruits and vegetables) are expecting increases in revenues. This may be related to the current export season, which may enable them to tap into markets on export lockdowns.
3. Due to its labor-intensive nature, almost 70% of agribusinesses reported negative impacts on workforce efficiency and ability to meet goals.
4. Agrifood companies are looking into hiring more staff, while the remaining majority of companies in grains, poultry and other subsectors are planning to maintain staffing status quo.
5. Agribusiness was one of the few subsamples with companies reporting they would not be reevaluating their 2020 business strategies.
6. Most companies would benefit from sector-specific support, but the minority seeing no benefit from the support are traders of essential food items currently subject to export bans.

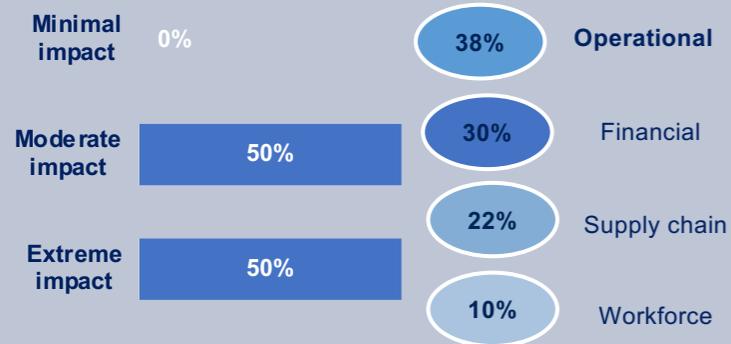


# 8. Transport & Logistics (5% of sample)

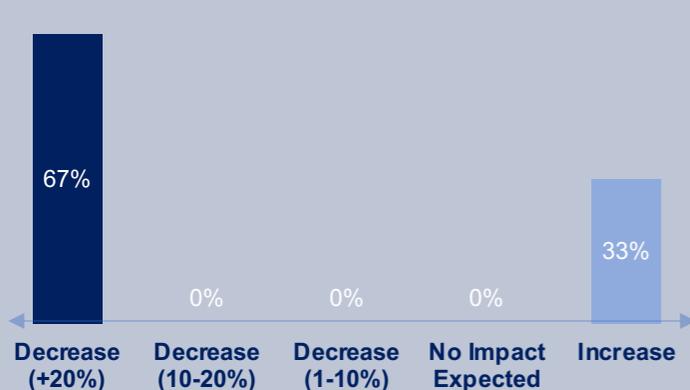
## Company size



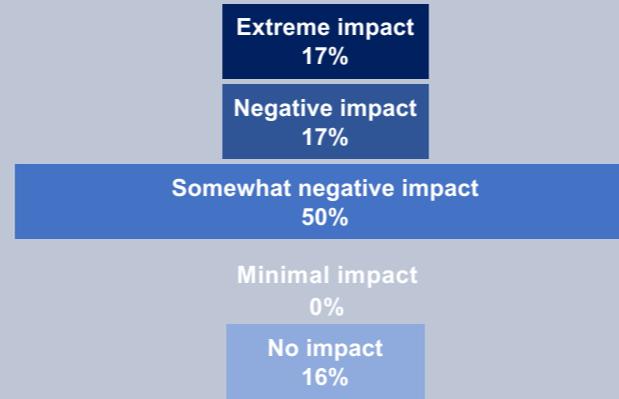
### 1. Impact on business activity



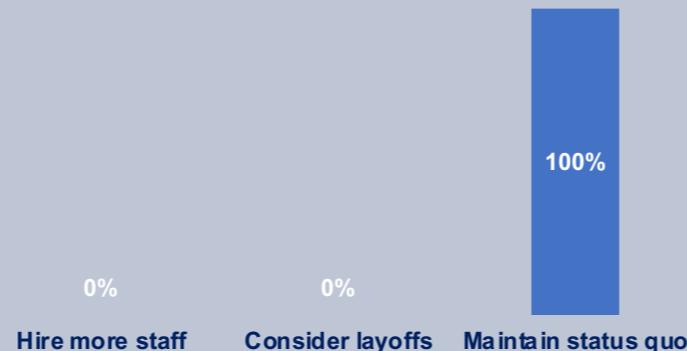
### 2. 2020 revenue expectations



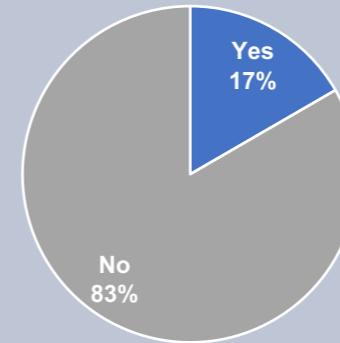
### 3. Impact on personnel performance



### 4. 2020 HR strategy



### Available "Disease Outbreak Response Plan" prior to COVID-19



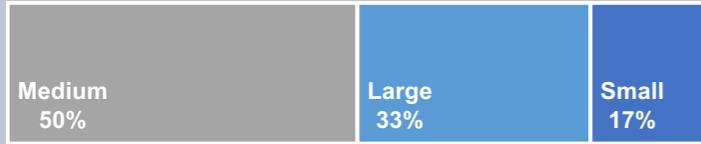
Global supply chain disruptions, significantly slower trade activity and virus containment measures have severely impacted transport and logistics worldwide, and Egypt is no exception.

1. All companies polled reported moderate-extreme impacts on business activity. Because the sector's operation is strongly tied to supply chains, companies reported operational and supply chain challenges among the main risks on business activity. A good portion also reported marked financial impacts.
2. The larger part of the subsample sees revenues dwindling in 2020, especially once long-term backlogs are cleared out and agricultural export season comes to an end by Q3. Couriers reported expected increases in revenues, possibly as virus containment measures and households on lockdown have triggered higher e-commerce activity and more door-to-door delivery.
3. 84% of transport & logistics companies report negative impacts on employee efficiency and ability to meet goals given the current lockdown period.
4. Still, no companies in this subsample are considering layoffs.

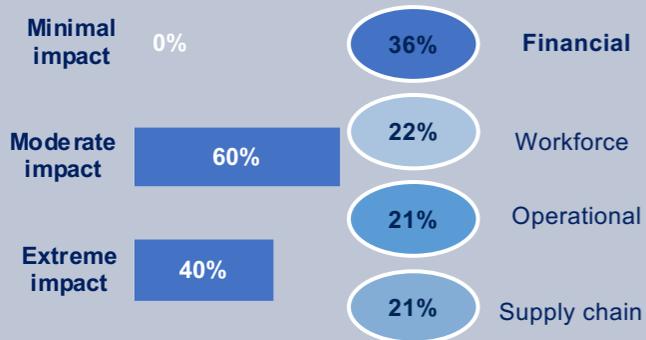


# 9. Healthcare & Pharmaceuticals (5% of sample)

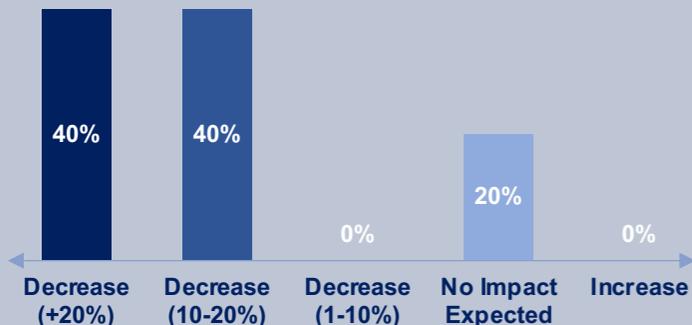
## Company size



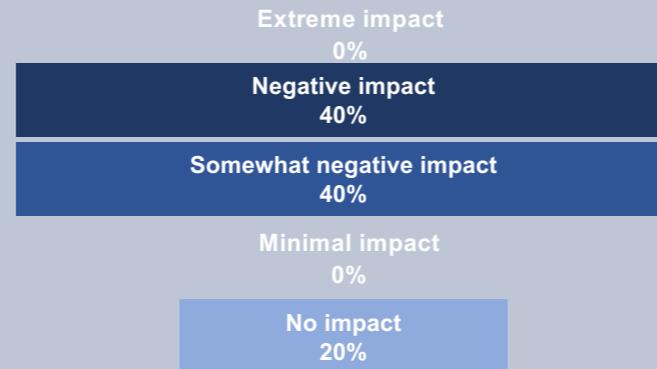
## 1. Impact on business activity



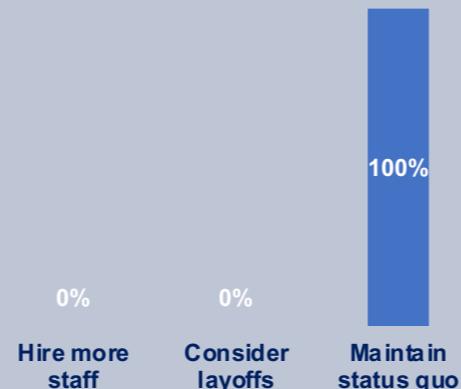
## 2. 2020 revenue expectations



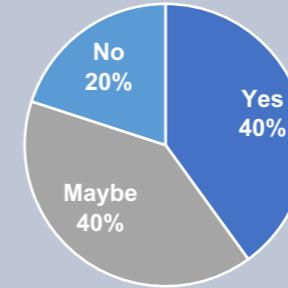
## 3. Impact on personnel performance



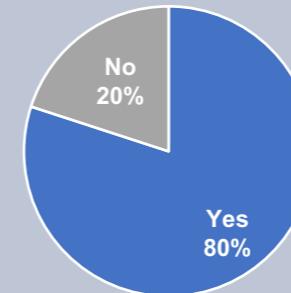
## 4. 2020 HR strategy



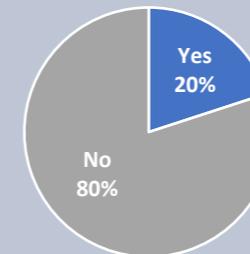
## 5. Is your business re-evaluating some/all of 2020 business strategies?



## 6. Would tax cuts/sector-specific bailout packages help your business?



## Available "Disease Outbreak Response Plan" prior to COVID-19



The healthcare & pharma sectors are taking the center stage in the COVID-19 fight. They are witnessing demand influxes from patients and non-patients for PPE and medical supplies as well as essential medicines. Private healthcare providers are not involved in treating patients but have been asked by government authorities to be on stand by if matters escalate. Accordingly, both sectors have reported moderate and extreme impacts on business activity.

1. Business impacts are almost evenly distributed between financial, operational, supply chain and workforce issues, with higher weight given to financial.
2. 80% of the subsample see top line decreases exceeding 10% as non-emergency/elective treatments slow down at hospitals, traffic interruptions disrupt pharma distribution and retail, and virus containment measures limit patient entries. However, these are all short-term. Larger organizations see no impact on 2020 revenues.
3. Most companies see a moderate negative impact on personnel performance post-outbreak.
4. Still, all are planning on maintaining staffing levels.
5. A multinational pharma company is the only one not reconsidering 2020 business strategies.
6. Pharmaceutical companies and diagnostic labs see benefits from government support, while hospitals and other medical providers did not.



# 10. Hospitality & Tourism (5% of sample)

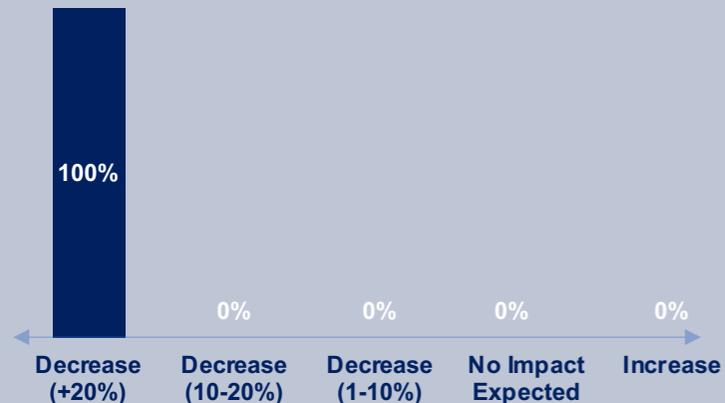
## Company size



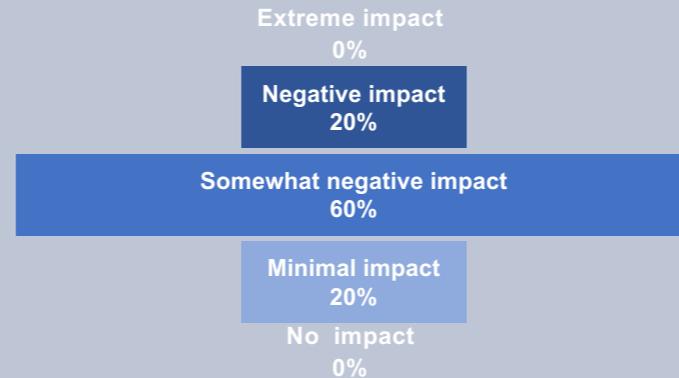
### 1. Impact on business activity



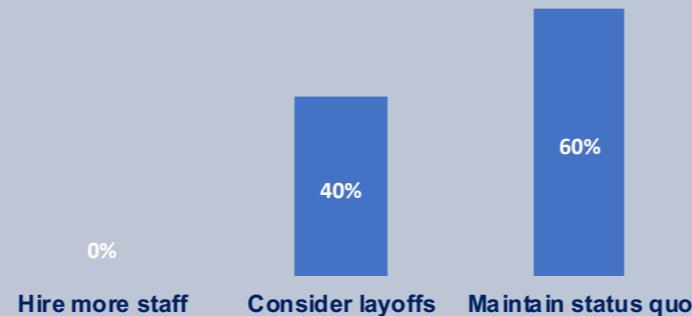
### 2. 2020 revenue expectations



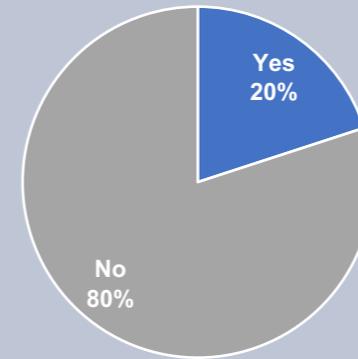
### 3. Impact on personnel performance



### 4. 2020 HR strategy



### Available "Disease Outbreak Response Plan" prior to COVID-19



Hospitality & tourism has been the most severely impacted economic sector. Travel bans have suspended inbound tourism, which draw in significant foreign currency inflows each year. Because both sectors are also big employers of Egypt's labor force, they face high workforce challenges.

1. Companies in both sectors are primarily faced with severe financial and workforce challenges due to drops in revenues and lack of business.
2. Revenues are predicted to contract by more than 20%.
3. 80% of companies see negative impacts on their workforce.
4. However, 60% of the subsample will maintain staff levels. These are larger organizations, while medium-sized companies will face more struggles maintaining cash flows, which leads them to consider layoffs.



# 11. Marketing (5% of sample)

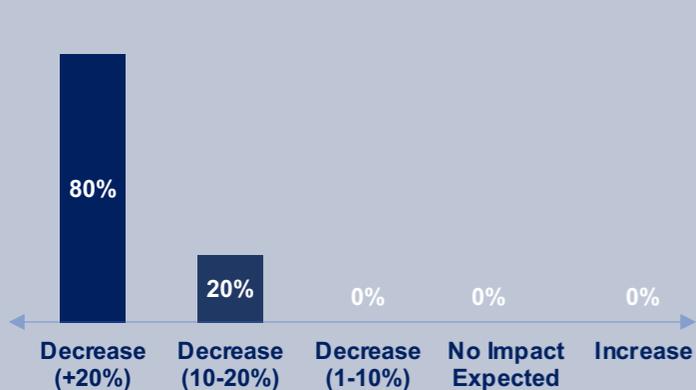
## Company size



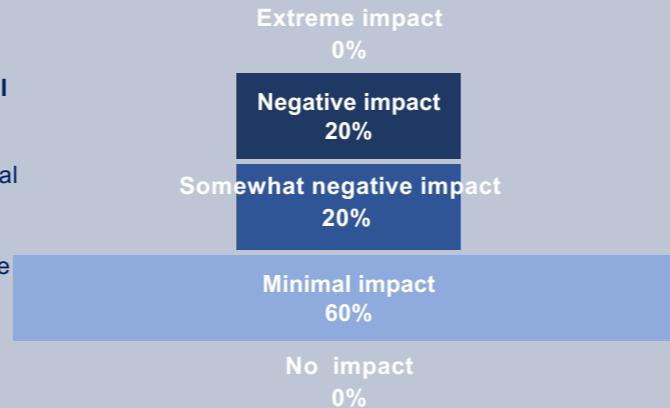
### 1. Impact on business activity



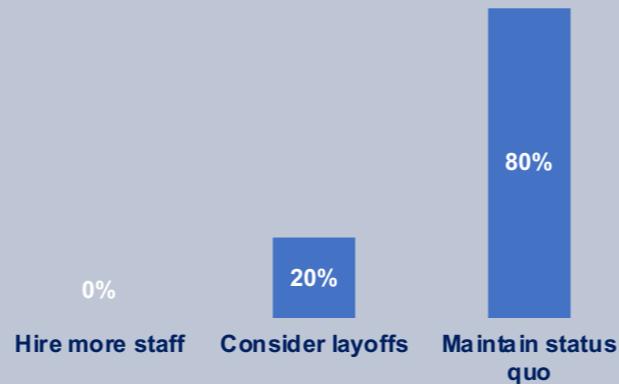
### 2. 2020 revenue expectations



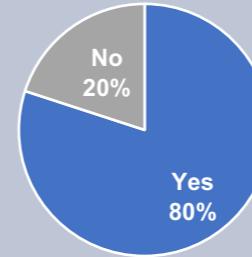
### 3. Impact on personnel performance



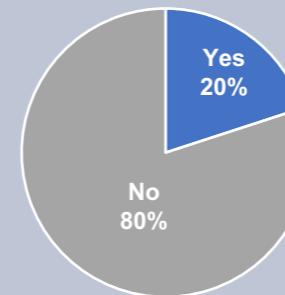
### 4. 2020 HR strategy



### 5. Would tax cuts/sector-specific bailout packages help your business?



### Available "Disease Outbreak Response Plan" prior to COVID-19



Businesses in marketing, sales and advertising are hit hard by budget freezes, households on lockdown (affecting outdoor advertising) and changes in consumer behaviors (leading to significant marketing and advertising budget reallocations).

- 100% of companies in these sectors are seeing moderate to extreme impacts. More extreme impacts are being witnessed by smaller sized media agencies and telemarketers. There are no supply chain challenges facing companies in marketing; financial challenges were most cited by respondents, followed by operational challenges.
- Most of this subsample sees top lines contracting by more than 20% by year's end. The 20% predicting lower declines are telemarketing agencies.
- With minimal workforce challenges reported, the majority of the subsample sees minimal impacts on personnel efficiency. Meeting targets may definitely be one of the challenges facing employees, which is why 40% of this subsample still see negative impacts on their personnel.
- A minority is considering layoffs, mostly small-sized media/branding agencies.
- Like most sectors, the majority sees benefits from tax cuts/bailout packages.

# Others (8% of sample size)

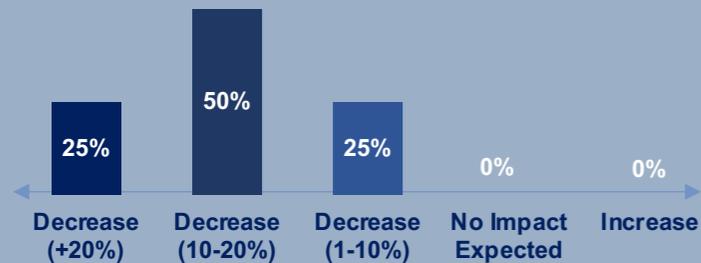


## Insurance

### Impact on business activity



### 2020 revenue expectations



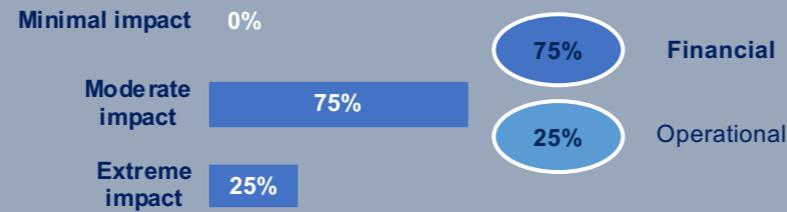
### Impact on personnel performance

### 2020 HR strategy

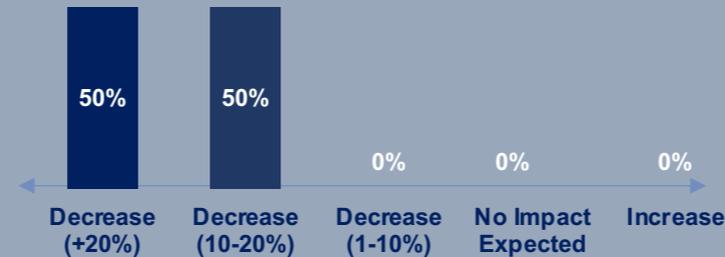


## Legal Affairs

### Impact on business activity



### 2020 revenue expectations



### Impact on personnel performance

### 2020 HR strategy



Due to the small number of respondents, results for legal affairs and insurance companies were combined. The two sectors collectively accounted for 8% of the sample.

### Insurance:

- All insurance companies were large-sized, with 250+ employees.
- Most surveyed companies see moderate impacts on business activity. The 25% seeing minimal impacts were in the life segment, which will likely see more sustained demand than the non-life segment, because that latter does not include COVID-19 in its coverage plans (as per global standards)
- All insurers see revenue declines by year's end. More optimistic companies were those with life insurance arms or fully in life insurance. Companies operating only in non-life are expecting 20+% decreases in top lines.
- The majority sees minimal negative impacts on personnel and are maintaining staffing levels as is for 2020. Life insurers are considering hiring more staff.
- Life insurers were the only ones who saw no added benefits from targeted sector support from the government.

### Legal Affairs

- Law firms were evenly divided between small and medium sized.
- The majority see moderate impacts on business activity, mainly financial challenges. The 25% seeing extreme impacts on business activity are firms with portfolios concentrated in M&As, IPOs and debt/equity capital markets.
- Firms mostly focused on corporate law are on the more pessimistic side of top line predictions, while commercial and arbitration firms see 10-20% declines in their top lines in 2020.
- 75% of the sample sees somewhat negative impacts on employee efficiency and ability to meet goals, but all are maintaining staffing levels throughout 2020.
- Two out of four respondents are not evaluating their 2020 business strategies.
- All legal affairs firms see benefits from tax cuts/bailouts should the government direct any targeted support to their sector.

# COVID-19 RESPONSE



## Contents

1 Executive summary

2 Sample profile

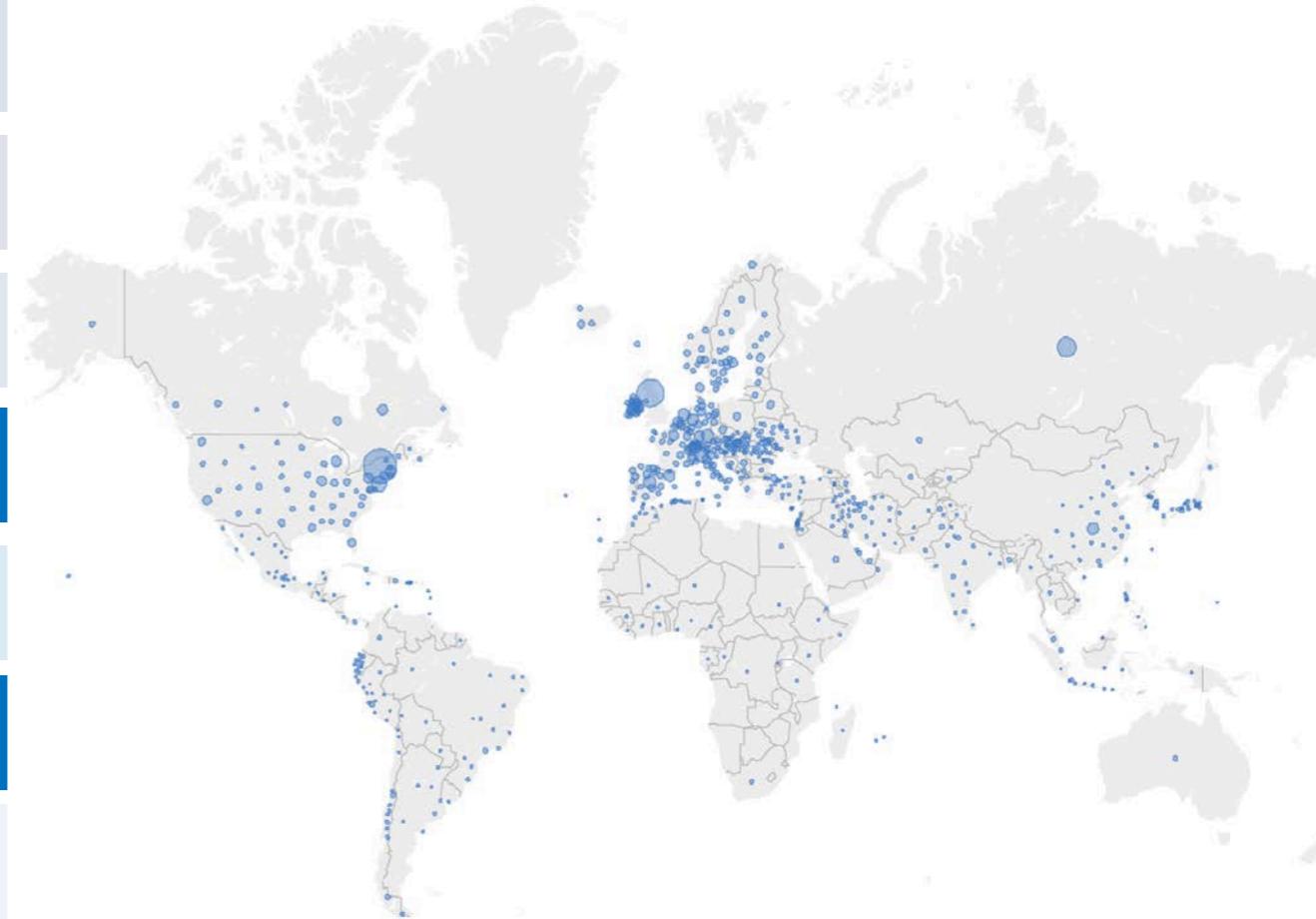
3 Aggregated results

4 Segmented results by:

Sector

Company size

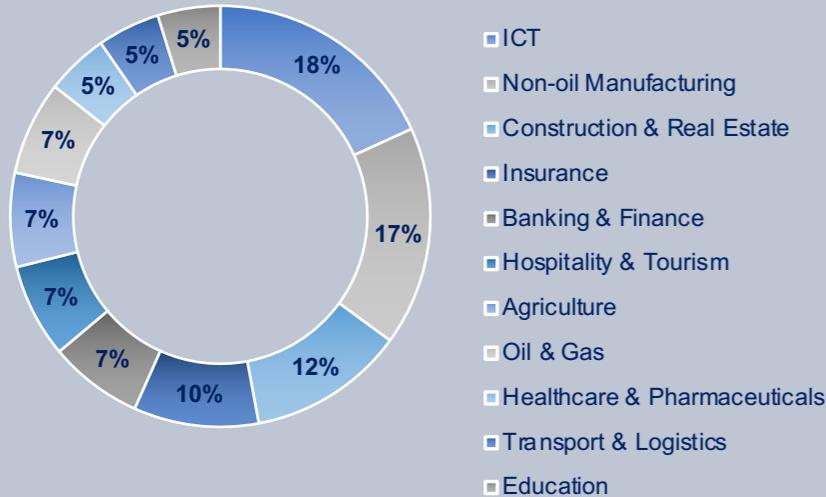
5 Overall insights



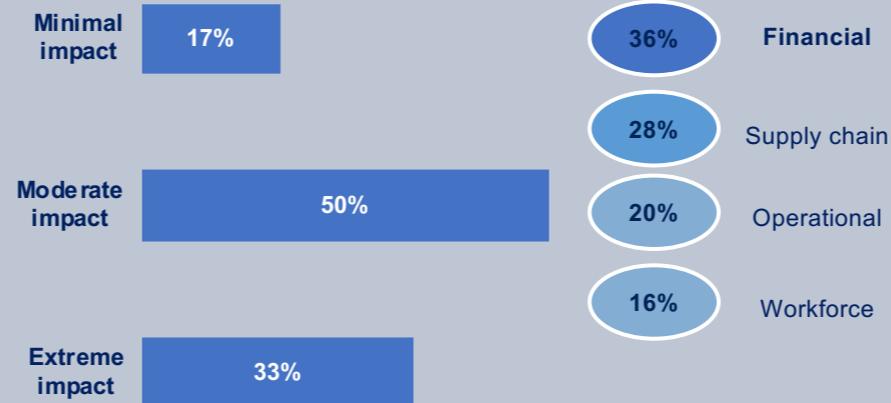
# Large Companies (> 250 employees)



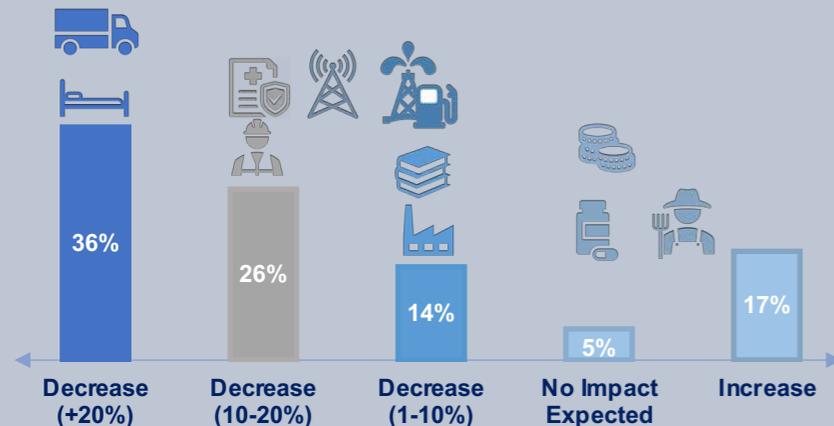
## Sector segmentation



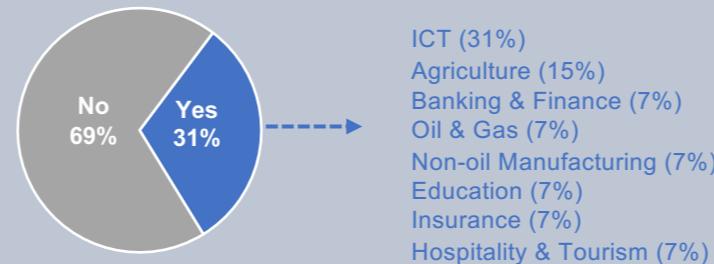
## 1. Impact on business activity



## 2. 2020 revenue expectations



## 3. Available "Disease Outbreak Response Plan" prior to COVID-19



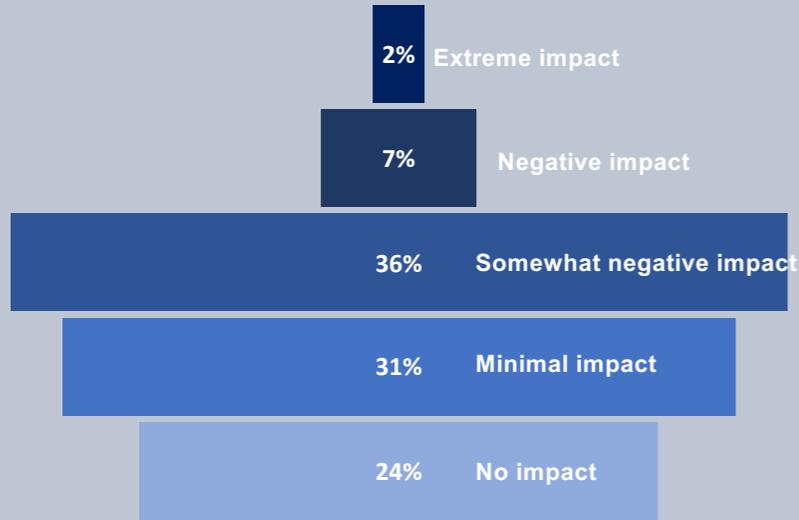
Large companies account for **41%** of the sample. All of them had adopted a work from home policy for non-essential back-office employees.

1. Companies expecting minimal impacts on business activity predominantly operated in the ICT, oil & gas and agricultural sectors. Moderate impacts were reported in non-oil manufacturing, healthcare & pharmaceuticals and banking & finance; while extreme impacts were most common among large companies in hospitality & tourism and transport & logistics. Large businesses are mostly concerned about the financial and operational impacts of COVID-19.
2. 85% of this subsample sees revenues declining by year's end, 50% of which expect them to contract by 20% or more. Large businesses expecting no impact on top-line growth operate in agriculture, banking & finance and healthcare & pharmaceuticals.
3. Available "Disease Outbreak Response" plans are most common among ICT companies.

# Large Companies (> 250 employees)



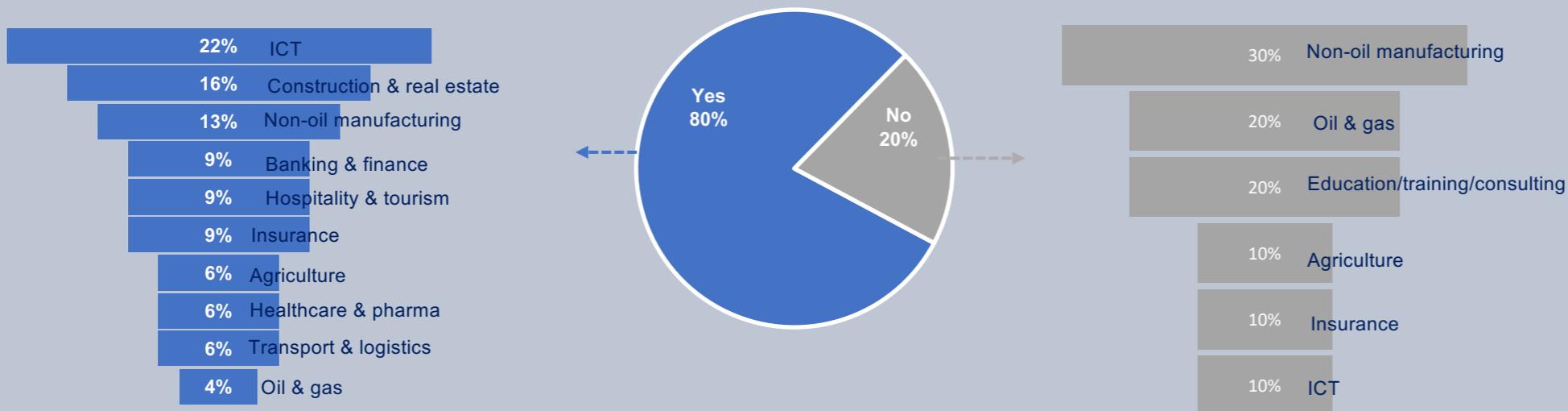
## 1. Impact on personnel performance



## 2. 2020 HR strategy



## 3. Would tax cuts/sector-specific bailout packages help your business?

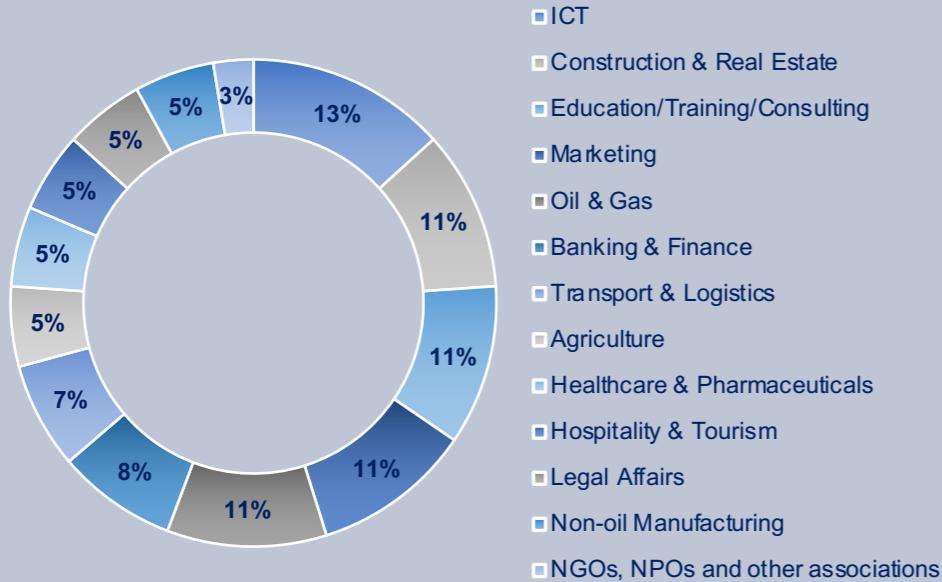


- 55% of large businesses are witnessing minimal impacts on employee performance, largely due to business processes in place. The 9% witnessing extreme to negative impacts were operating in hospitality & tourism, construction & real estate and other labor-intensive businesses.
- The majority is opting for maintaining the status quo of their employment levels during 2020. Some oil & gas and hospitality & tourism companies reported possible layoffs, while some agriculture, ICT and construction & real estate businesses are considering extra hires.
- The majority of large businesses that see no benefit from government support to their sector were in oil & gas, education/HR/consulting and agriculture. It is important to note that some companies within these sectors did see benefit from sector-targeted reliefs.

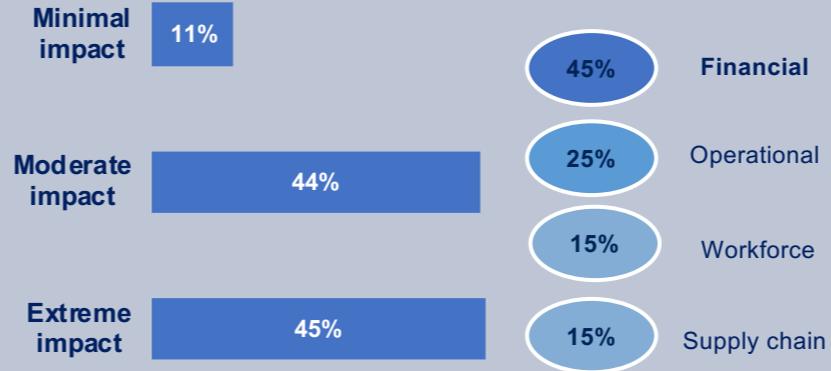
# Medium Companies (50-250 employees)



## Sector segmentation



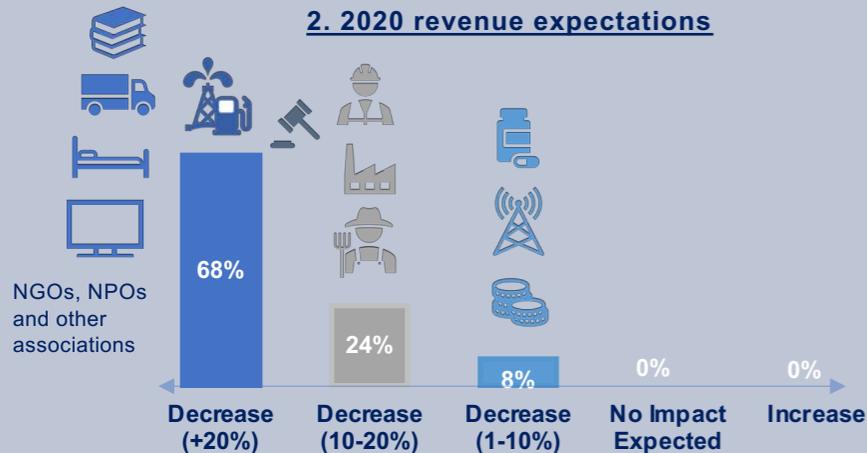
## 1. Impact on business activity



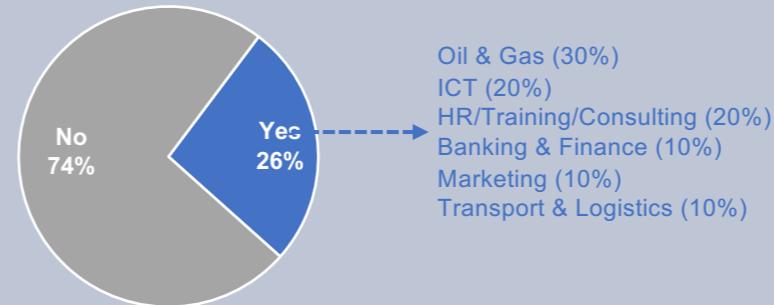
Medium-sized companies account for **37%** of the sample. All of them had adopted a work from home policy for non-essential back-office employees.

1. Expectedly, fewer companies are experiencing minimal impacts (compared to large companies) and more are reporting moderate-extreme impacts. A greater share of medium-sized companies were impacted by financial issues, compared to large companies. Workforce challenges are taking almost the same share of business impacts among medium-sized companies. Medium-sized companies are considerably less impacted by operational and supply chain challenges compared to large businesses.

## 2. 2020 revenue expectations



## 3. Available "Disease Outbreak Response Plan" prior to COVID-19



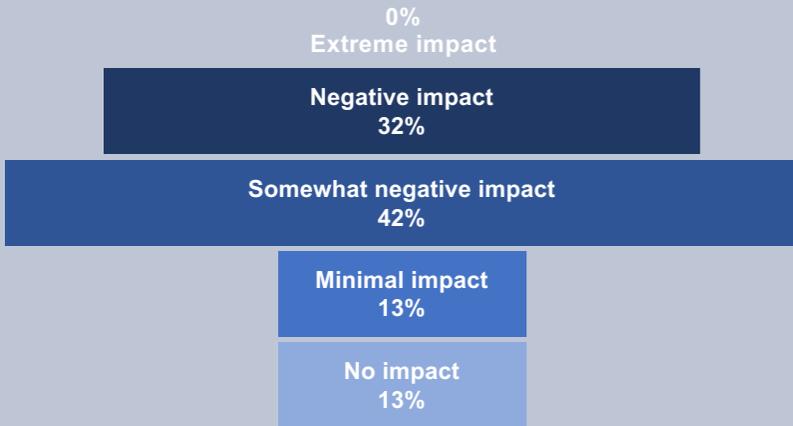
2. No medium-sized companies are expecting increased or unchanged 2020 top lines. Companies predicting revenue decreases exceeding 20% for 2020 are 42% higher than large businesses. These operate in transport & logistics, education, hospitality & tourism, oil & gas and marketing.

3. "Disease Outbreak Response" plans were most common among medium-sized oil & gas and ICT companies.

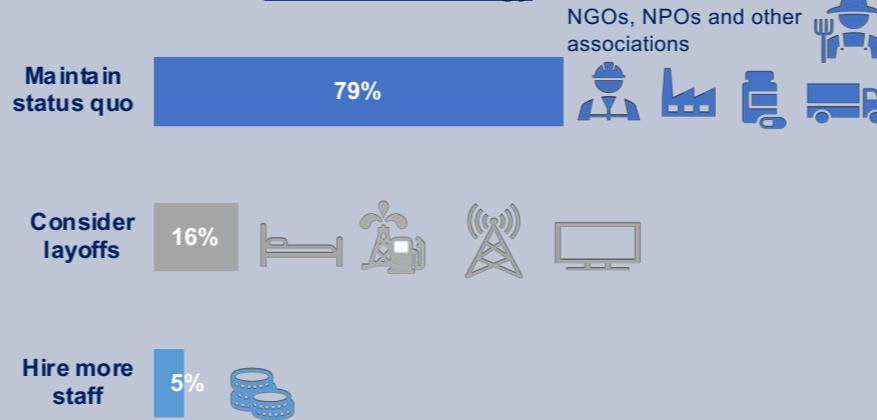
# Medium Companies (50-250 employees)



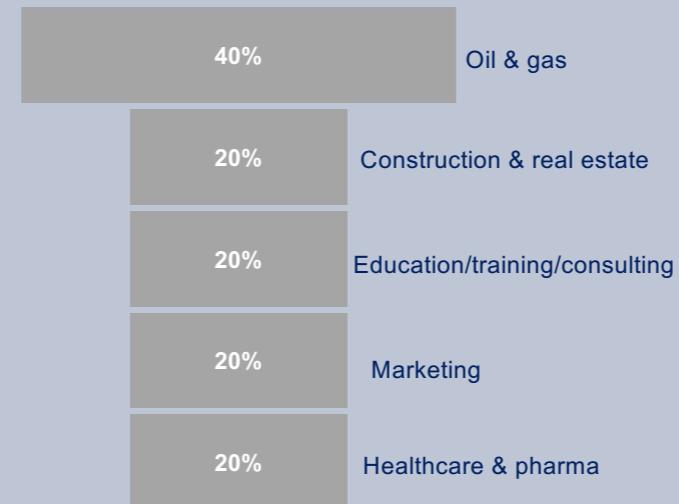
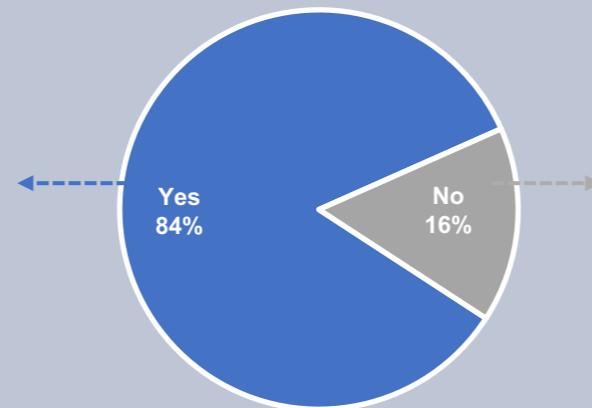
## 1. Impact on personnel performance



## 2. 2020 HR strategy



## 3. Would tax cuts/sector-specific bailout packages help your business?



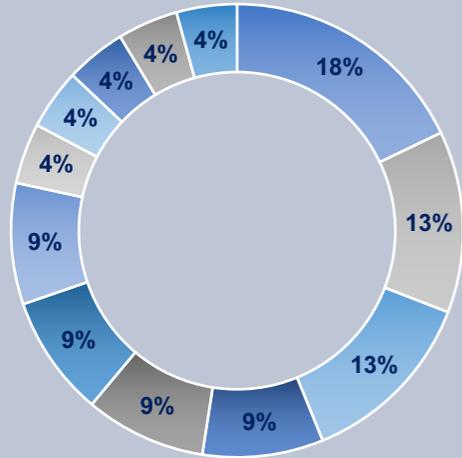
- 74% of medium-sized companies reported negative impacts on employee performance and ability to meet goals (compared to 45% of large businesses). By contrast, only 26% of this subsample see minimal HR impacts (compared to 54% of large businesses).
- Medium-sized businesses are also generally keeping staff levels as is. 16% are considering layoffs (compared to 14% of large ones) and 5% are looking for more onboarding (compared to 10% among large companies). While only large hospitality & tourism and oil & gas companies were considering layoffs, some medium-sized ICT and marketing businesses also joined this subset.
- The majority of medium businesses that see no benefit from government support to their sector were in oil & gas, education/HR/consulting, marketing and healthcare & pharma. Medium-sized agriculture companies see benefits from government support to their sector, where large agricultural companies reported no benefit from targeted relief.

# Small Companies (< 50 employees)

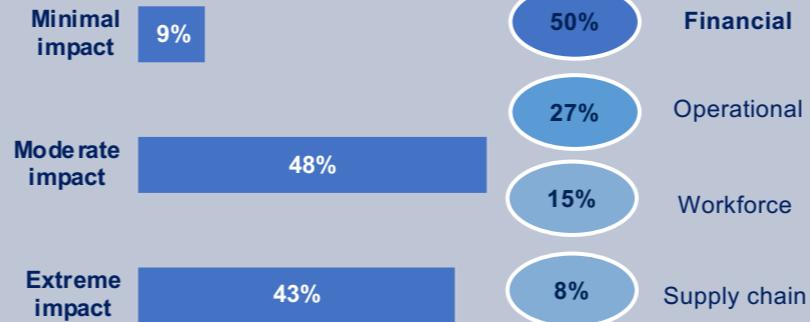


## Sector segmentation

- Banking & Finance
- NGOs, NPOs and other associations
- Oil & Gas
- HR/Training/Consulting
- ICT
- Legal Affairs
- Non-oil Manufacturing
- Education
- Healthcare & Pharmaceuticals
- Marketing
- Transport & Logistics
- Agriculture



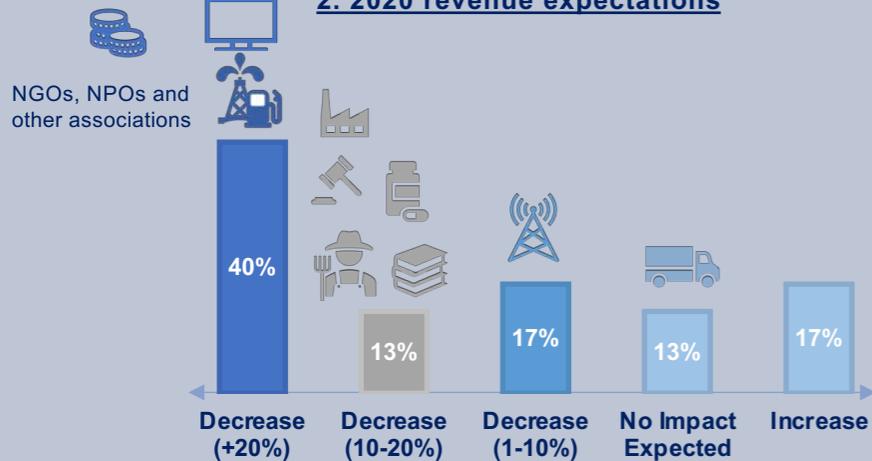
## 1. Impact on business activity



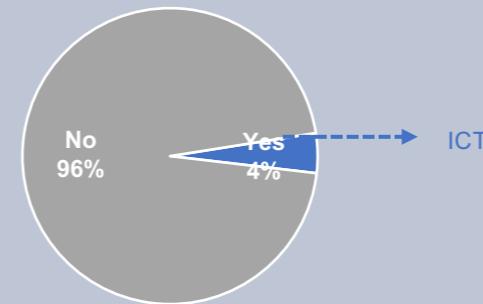
Small companies account for **22%** of the sample. All of them had adopted a work from home policy for non-essential back-office employees.

1. 91% of small businesses surveyed see moderate to extreme impacts on business activity, compared to 89% and 83% of medium- and large-sized respondents, respectively. By contrast only 9% of small businesses are minimally impacted, compared to 11% of medium and 17% of large ones. Small businesses reporting minimal impacts on business activity operated in the agricultural sector, a subsample that is mostly concerned about the financial and workforce impacts of COVID-19. 50% of small businesses see financial impacts as the most impactful on their businesses (compared to 45% of medium-sized businesses and 36% of large-sized ones). Operational challenges are the second biggest impact for small businesses: 27% of the sample cited operational challenges (compared to 25% of medium-sized companies and 20% of large ones).

## 2. 2020 revenue expectations



## 3. Available "Disease Outbreak Response Plan" prior to COVID-19



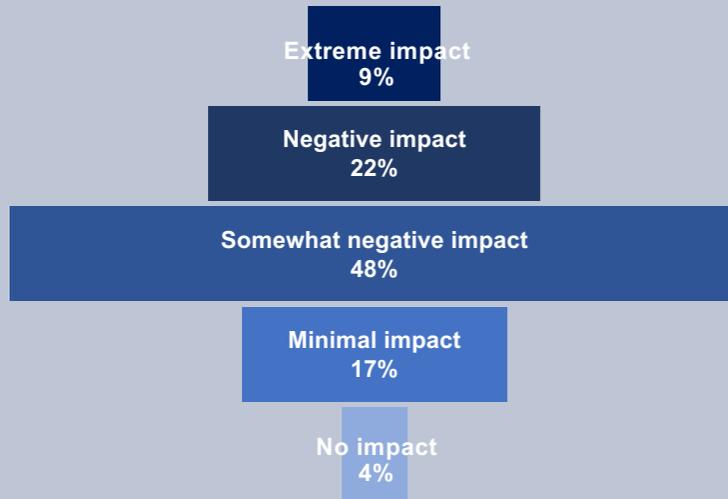
2. More smaller companies expect revenues to stay unchanged or increase in 2020 than the two other subsamples. These were non-banking finance service providers.

3. ICT companies were the only ones with existing "Disease Outbreak Response" plans among this subsample.

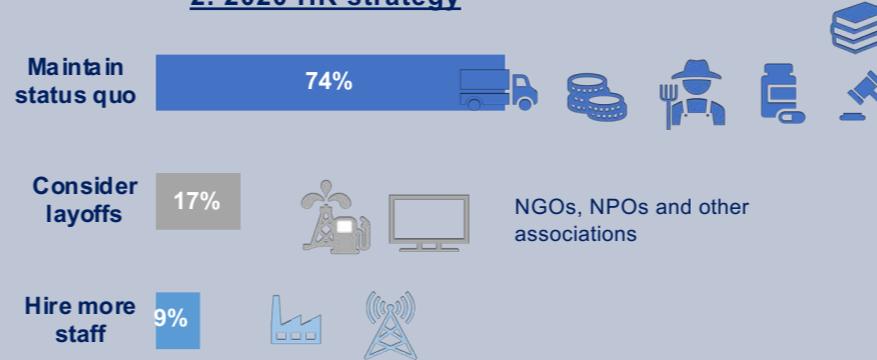
# Small Companies (< 50 employees)



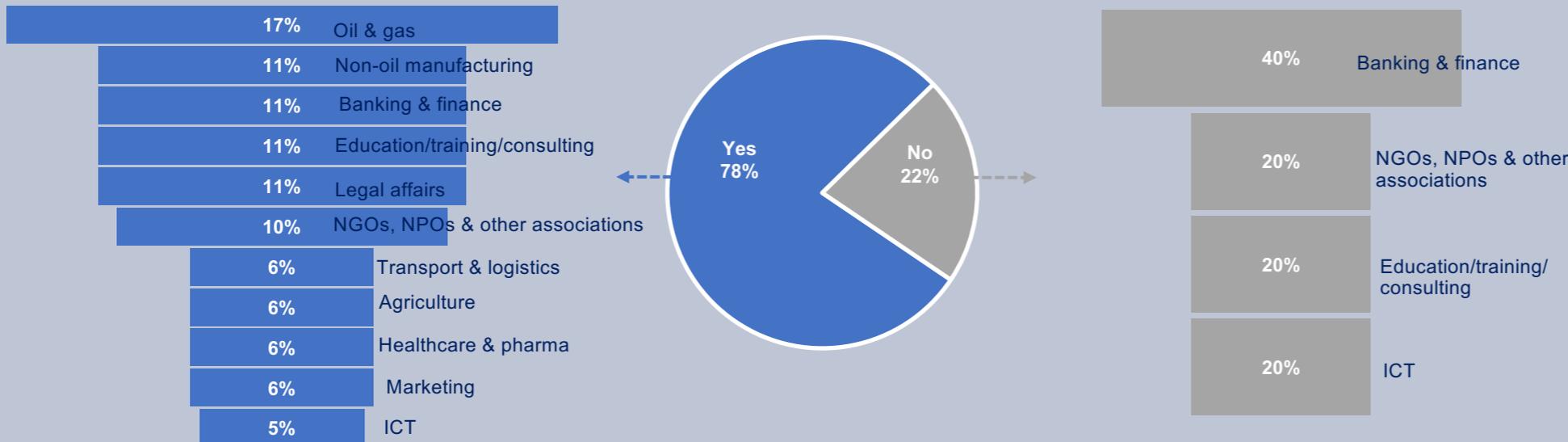
## 1. Impact on personnel performance



## 2. 2020 HR strategy



## 3. Would tax cuts/sector-specific bailout packages help your business?



- 79% of surveyed small companies reported negative impacts on employee performance and ability to meet goals (compared to 74% of medium- and 45% of large-sized ones). Only 21% of small players see minimal-to-no HR impacts (compared to 26% of medium and 54% of large businesses).
- Small businesses are also generally keeping staff levels as is. 17% are considering layoffs (compared to 16% and 14% of the medium and large subsamples, respectively). 9% of small companies are considering hiring more staff. While this share is lower than the 10% for large companies, it is higher than the share for medium-sized ones, where only 5% are looking to possibly hire in 2020.
- While oil & gas companies did not see benefits from targeted government support in the large and medium subsamples, they led the small-business subsample in responding "yes" to targeted tax cuts/bailouts to their sector.

# COVID-19 RESPONSE



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1 Executive summary

2 Sample profile

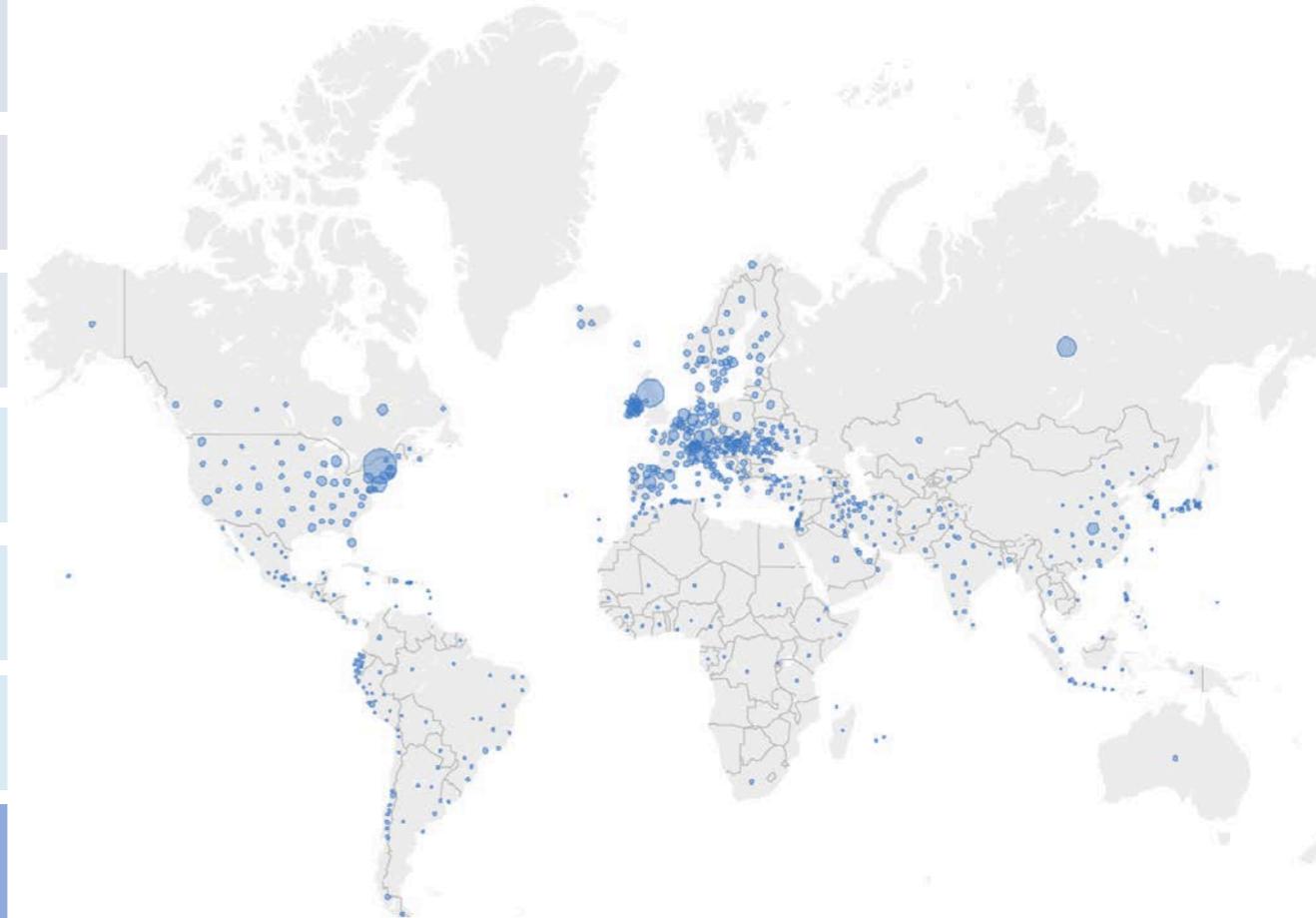
3 Aggregated results

4 Segmented results by:

Sector

Company sizes

5 Concluding insights



# COVID-19 RESPONSE



## Concluding Insights

- Accounting for 70% of both Egypt's GDP and labor force, the private sector is key in cushioning COVID-19's impacts on the economy.
- The government is already deploying a comprehensive EGP 110 billion economic package to stimulate consumer spending, shield exports, encourage private sector and industrial growth, prevent layoffs and reduce cost pressures for various sectors hit by the pandemic.
- As the government deploys sector-specific reliefs, measures should support the areas most affected in each sector.
- On April 26, Egypt announced it was tapping the IMF for a one-year rapid financing instrument (RFI) and a separate standby agreement (SBA) to help the country shield itself from the economic repercussions of COVID-19.
- The RFI will be directed towards Egypt's balance of payment needs, which could be allocated towards foreign currency-earning sectors such as tourism, aviation, exports and the Suez Canal.

# COVID-19 RESPONSE

**Thank you**

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